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# Latin America Report

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2 July 1984

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## ARGENTINE FOREIGN MINISTER ON BEAGLE, OTHER ISSUES

Buenos Aires LA NACION in Spanish 5 May 84 pp 1,3

[Interview with Argentine Foreign Minister Dante Caputo by LA NACION European correspondent Rolando Riviere in Madrid on 4 April 1984]

[Text] Madrid, 4 April--In a private conversation with Argentine Foreign Minister Dante Caputo this correspondent posed a number of questions, avoiding, or better said putting off until tomorrow the result of his official visit to Spain. Because tomorrow, resorting to a method that has been properly tested throughout the world, our minister of foreign relations will hold a joint press conference with his Spanish colleague, Fernando Moran, that will serve to provide details on the ranges of his administrative powers. Let us now take a look at the statements the foreign minister made to LA NACION.

[Question] According to an agency report, Chilean Foreign Minister Jaime Del Valle has said that negotiations on the Beagle will be concluded next July and that both he and you had decided to maximally accelerate the negotiations when you met with one another at the LAIA conference in Montevideo.

## Unofficial Statement

[Answer] You have to take that as an unofficial statement of the Chilean Government, which is why I don't want to offer an opinion on it. Since we did confer with the Chilean foreign minister, what I'd like to point out to you is that one of the topics we obviously took up in a conversation of 45 minutes was the Beagle situation and the negotiations in progress. The important thing about the conversation was that both of us reiterated our desires that the matter be concluded in the best and quickest way possible. We didn't discuss any negotiations because that was not within our province, since they will be developed in the Vatican, and, of course, we didn't mention any dates for the simple reason that specifying a date for the conclusion of the negotiations would mean that we at that moment considered the negotiations concluded. We all hope that these negotiations will be concluded as soon as possible and in the best way for the parties concerned. So, I will not offer an opinion on the press leak you brought up.

## The U.S. and the USSR

[Question] You said in Paris that the government of the United States was with growing interest and satisfaction considering moderate democratic alternatives like ours, feeling that they would be a guarantee of stabilization for the continent. How do you think the Soviet Union views these moderate democracies and what sort of direct or indirect Soviet intervention do you believe there may be in Latin America?

[Answer] Look, when we proposed our international policy, one of the first things we said — and President Alfonsin said so and we maintained the same thing during the campaign — is that we ought to create a sort of peace membrane about Latin America. Specifically, this means avoiding, on the one hand, the forms of intervention employed by the superpowers and, on the other, avoiding confrontations of the superpowers on third-party territories, as might be the case in Latin America. Taking an approach that was perhaps not overly diplomatic, I opted to call a spade a spade: not to talk about the United States and later the East in an abstract manner, but to talk about the United States and the Soviet Union. But I couldn't figure out what Soviet interests on our continent are. What I can tell you is that Latin America must be free from any kind of intervention and, if such intervention should come from the Soviet Union, I believe that it should be condemned by any democratic government in Latin America whatsoever. Basically, we think that we must at any cost keep a strategic confrontation from taking place in Latin America. I believe that we Argentines are sometimes sufficiently aware of what this means in practical and concrete terms. There appear to be more things going on in other areas which don't affect us. I believe that these are issues that have affected us and that we have to keep them from continuing to affect us.

[Question] You stated that some of the nonaligned countries are perfectly aligned. Which one, in your opinion, are the nonaligned and which the aligned?

[Answer] In agreement with what I said before, the spirit of nonalignment is preventing confrontations between the superpowers from occurring in other countries outside of their territories and the East-West conflict from interfering with our peoples' potential for development. What is unacceptable to us is the fact that a way of attacking one of the superpowers may lie concealed behind this position. I apologize for not citing specific names in this case, but you know that we cannot really describe some of the nonaligned countries as being nonaligned. Any observer may draw his own conclusions. President Alfonsin had an opportunity to extensively discuss the matter with the president of India and we fully agreed, and I believe that we are in agreement on redeeming this philosophy of nonalignment. If this is lost, nonalignment will cease to exist as such and will be meaningless.

[Question] During your private visit in Madrid you told me that the Ministries of Foreign Relations and Economy are practically working as a team. In Paris, on the other hand, you said that your mission was eminently political and that the technical aspects were the affair of the Ministry of Economy and the Central Bank. Is this the criterion that prevails now during your visit in Spain?

[Answer] Working as a team, as you realize, does not mean that we are both working on the same tasks. We coordinate the two work fronts: the technical and the political. That's why Stancanelli is here. When a suitable and useful climate is created because the topics enter into both domains (and it's a pity to lose it), the shift to technical conversation should take place without a break in continuity. Furthermore, the presence of a Ministry of Economy official is due to the kind of operational method we are applying to this visit. It consists of the fact that, aside from political matters, general agreements and exchanges of ideas, specific points may be identified and then we have to go on to the technical aspects of the matter. This is why I travel with multi-ministerial teams, so that they may progress with their counterparts from the other country in the identification of the sectors involved.

[Question] What was the purpose of your interview with the leader of the Red Party of Uruguay, Julio Sanguinetti, who, like you, was also received this morning by King Juan Carlos?

[Answer] Dr Sanguinetti was interested in conversing with me. Of course, I consented and we discussed the situation in Latin America and the Argentine situation, and Dr Sanguinetti told me his ideas about the evolution of democracy in his country.

[Question] At noon today state television devoted a couple of minutes to Sanguinetti's and your visit to King Juan Carlos. Several more minutes were immediately taken up with the mothers on the Plaza de Mayo and the problem of those who have disappeared. They insisted that the Argentine Government does not appear to be interested in the matter and that they feel that they have been unjustly attacked through its attributing to them the possibility that they are being manipulated by the extreme Left. Since they were with you this morning, what can you say about this problem?

[Answer] You know what our position on human rights is. There is no need to repeat it. The mildest adjective that can be used in this case is that political nearsightedness is regrettable, that I hope that I may be sincere about people really stirred up by a tragedy as grave as the one they are suffering: They may be identifying the present government's policy with the policy of the military regime. If we were to really compare the two governments, the first point that would indicate a great difference between them would be their human rights policies. No member of the government is a novice in this matter. President Alfonsín was a member of the Permanent Assembly for many years, years in which the issue of human rights was not an overly popular issue in our country. Deputy Storani was also active in the cause of human rights and Dr Troccoli has a long list of declarations about the issue which could at no time be identified with the positions assumed by the previous regime. So, what is at the very least regrettable is that people who lived through this tragedy can identify this government as a continuation of the previous regime. The first act of this government was the prosecution of the first three juntas and it went on to arrest those responsible for acts of repression. Everything is being directed down the path of justice. Now, if what they are pressing for behind these demands is for us to violate the state of law and order and set up tribunals outside the jurisdiction of the republic, we totally resist such an idea.

## CCC OFFERS TO PLAY ROLE IN NETHERLANDS AID TO SURINAME

Willemstad AMIGOE in Dutch 7 May 84 p 6

[Text] The Hague/Willemstad--The Caribbean Conference of Churches (CCC) has told Dutch Government politicians that it would be willing to mediate in the giving of humanitarian aid to Suriname. Simultaneously it wants the Suriname military to return to their barracks. According to the CCC, the military are not the appropriate persons to lead the country. Therefore the CCC is advocating a demilitarized Caribbean area. International legislation and the international public opinion are the only guarantee for small countries. But in practice things are going precisely the other way in the Caribbean area. More and more a military solution is applied to problems in the Caribbean area. This was stated by the chairman of the CCC, Archbishop Felix and the secretaries, Reverend Curton and Reverend Ledd, at a press conference at the end of a 1-week visit to the Netherlands.

During its visit, the CCC delegation also spoke with members of the Second Chamber. According to the CCC, the situation in Suriname has worsened especially for the common people after the suspension of Dutch development aid. There is a need for humanitarian aid. Archbishop Felix: "We have suggested possibilities to the Dutch politicians for giving humanitarian aid via the churches. We have good contacts via prominent citizens in Suriname. We have only indicated the possibilities to the Dutch parliament members."

The CCC is not happy with the current situation in Suriname. The Reverend Ledd: "Violent changes disturb the peace. We are against the military freely having political power. They are not able to lead the country. Thus they don't belong in the government."

According to the CCC, a solution of the Suriname problem can only be found by improving the situation in Suriname and through a dialogue between the Netherlands and Suriname. The CCC does not agree with Suriname circles who see a role for the churches in the organization. Individual church members, however, could play a role.

One of the most important problems encountered by the churches in the Caribbean area is their relationship with the governments. That applies not only to Grenada. The situation was indeed very tense there, for the government wanted to confiscate the churches. The cause of the problems between church

and government is due to the fact that both first want to realize their ideal establishment. The Reverend Ledd: "If both would look for the right ways and stop being colonial, there would be ties in the relations between church and state in all the Caribbean countries."

The CCC called it tragic that the United States aided the East Caribbean states with 15 million dollars in materials and training after the invasion of Grenada. But if a banana harvest fails in one of the countries because of a hurricane, not a penny of aid is given according to the Reverend Ledd. The biggest problem in the Caribbean area is not caused by ideologies, but by hunger, unemployment and housing. Therefore the Caribbean area ought to stay outside of the East-West relations, according to the CCC.

In the Netherlands, the CCC delegation spoke with Archbishop Simones, amongst others. He expressed surprise at the goodnatured cooperation which exists in the Caribbean area between Protestants and Catholics. Therefore, the delegation also advocated a different approach for the mission concept.

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CSO: 3214/49

## BANZER'S ADN REITERATES CALL FOR NATIONAL ELECTIONS

La Paz EL DIARIO in Spanish 23 May 84 p 3

[Text] The ADN [Nationalist Democratic Action] headed by the former president of the republic, Gen Hugo Banzer Suarez, issued a document indicting the UDP [Democratic and Popular Unity] government for having led the country into a situation of total crisis.

The document given to the press yesterday stated: "The UDP has failed. That coalition, its parties and especially its leaders are directly responsible for the worst poverty in the history of the Bolivian people."

The ADN maintained that in October 1982 the National Congress elected the UDP presidential team. The hopeful people, through the political parties and social organizations, endorsed this decision and supported the elected government which announced that economic recovery and national strengthening would take 100 days.

That political party pointed out: "However, instead of immediate solutions, the UDP coalition which only won 35 percent of the popular vote revealed its true intentions, embarking on a struggle to divide up the booty it had won. It disintegrated until it was reduced to the presidential entourage committed to international communism. Paradoxically, it has become the team that has agreed most with the U.S. Embassy."

Also the ADN accused the government of compromises and betrayals because it does not have any ability to find clear goals between opposing tendencies. Its plans are mixed up and confused since there is no relationship among the many political ideas and different economic plans. "Instead of guiding the country toward indispensable goals for its progress, Dr Siles has only succeeded in mounting a vast state of anarchy."

It added that, in order to cover up its failure, the UDP has to resort to totalitarian methods establishing a state of siege in order to persecute the opposition parties and workers that, in this difficult situation in the country, take on the intransigent defense of the interests of the Bolivian people.

The ADN document then referred to the conduct of the UDP leaders, indicating that they have encouraged smuggling, gambling and the vilest forms of government extortion. "Fortunes have been made in only a few months by trafficking



with the hunger of the people, the misery of the disabled and the health of the sick. Among other things, the communists are the owners of Bolivian gold today."

The ADN stated that the country will not tolerate any more. The anguish has already turned into anger. In all the areas of the fatherland, the regional civic movements that express the national repudiation of the UDP government and its puppets in the COB threaten to cause a very serious and irreparable division among the Bolivians because of the ineptitude of the central government.

Finally that political party stated: "About 6 months ago, perceiving the dramatic days that the republic would experience, the ADN presented the urgency of promptly calling for general elections to return to legitimate bases. By not calling elections, President Siles is creating the most adverse conditions that will result in a bloody popular uprising. He and his allies will be the only ones responsible for the innocent blood that will flow in the republic."

The ADN document concluded: "If Dr Siles irresponsibly denies the country this chance for a peaceful solution, the day will come when the Bolivian Armed Forces, as they have stated recently, will have to intervene in fulfillment of their constitutional prerogatives in order to impose the reign of law and to reorient the democratic process whose compass has been lost in the hands of the UDP."

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CSO: 3348/442

## ARMY COMMANDER IN CHIEF SEJAS SAYS 'NO' TO COUP PLOTTERS

Madrid EL PAIS in Spanish 3 Jun 84 pp 8-9

[Interview with Gen Simon Sejas, Bolivian Army Commander in Chief: "Simon Sejas: 'I Am a Rampart Against Coups'"; date and place not given]

[Text] Gen Simon Sejas, 53 years old, holds the highest position in the Bolivian military hierarchy, commander in chief of the army. He is a personal friend of President Siles Zuazo with whom he shared years of exile. A pleasant man with good manners, an indefatigable worker for the modernization and professionalization of the Bolivian Armed Forces and collaborator of progressive Gen Juan Jose Torres, he has been subjected to strong pressure by other commands of the army where he has more enemies than he acknowledges.

Question: Are the Bolivian Armed Forces united?

Answer: I cannot say at this time that we have achieved 100 percent unity. However, I can state that there is a majority consensus that the armed forces--and the army in particular--must act as a single organism under the natural chain of command. In my visits to the different military regions, the commands have expressed their complete adherence to me and their complete respect. However, there are still cases of discharged comrades who approach comrades on active duty to tell them that the political situation of the country has reached a maximum state of chaos and anarchy and that the armed forces must intervene. That influences this unity.

Question: What is your impression of the political situation of the country?

Answer: We view what is occurring in the country with much concern, certainly. We have issued a document revealing our concern. In it we show our support and subordination to the missions the political constitution gives us. We appeal to all the political, economic and social leaders to find satisfactory solutions through dialogue and generosity. Also we warn that the armed forces, in fulfillment of the constitution, do not have to permit minority and extremist groups to submerge the country into chaos and anarchy.

Question: What is the atmosphere among the unit commanders?

Answer: I can almost assure you that none of the commanders of the large units will lend themselves to adventures. It is possible that some junior officer

will be receptive to these siren songs but I am sure that none of my commanders of large or small units will go beyond the framework that regulates our activity.

Question: Do you think any of the isolated members might attempt some individual action?

Answer: I can assure you that they will not because they know that we are analyzing the relationships between the officers discharged and those on active duty. We have said that, at the given time, we will act firmly because we will not consent to a minority group that has lost its privileges and used the institution to satisfy its personal ambitions again leading the institution on an adventure. If some ambitious comrade wants to lead the institution perhaps to its disappearance, even risking the sovereignty of the country, the present command does not have to permit it. In that case, you can be sure that I will be opposed.

Question: Would you personally oppose any coup attempt?

Answer: They know that I am a rampart against coups. The ambitious will not pass through here. If there is some comrade who wants to satisfy his personal ambitions, he will find me and many others in his way.

Question: What memory do the armed forces have of their turn in government?

Answer: The comrades now in command positions in the large and small units have bitter memories.

Question: You are connected to leftist political and ideological positions. Does this correspond to reality?

Answer: That is part of the propaganda by my detractors. I was chief of staff for General Torres; that is the basis of the legend. Obviously, one of the things that one learns is loyalty. Under those conditions, I went into exile (when the Torres government was overthrown by Gen Hugo Banzer) but I have never been in Cuba or the United States. I cannot be connected to the left. I simply have social sensitivity.

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CSO: 3348/442

## WRITER SEES NATION AS BATTLEGROUND BETWEEN TWO FOREIGN POWERS

La Paz EL DIARIO in Spanish 23 May 84 p 2

[Article by Ivan Petrovich: "Between Two Fires"; passages enclosed in slant-lines printed in boldface]

[Text] /Bolivia/ is caught between two fires now. Geopolitically, it has become a /sandwich/ country. Its two main international enemies--capitalism and communism--are trying to destroy it. This would suit the interests of the capitalist crypto-Sinarquist since /Bolivia/ could become a continental economic power if it produced and exploited its strategic natural resources. The neighboring countries would not like this.

The communist strategy was planned to be undetectable to analysis by the common man who is only concerned with his favorite team and his "Friday night out." During these 19 months, the communists have managed to tame Bolivian society and easily adapt it to live in a social or communist state. The first step was to tame their stomachs through shortages of essential articles. They trained the people to get up early to stand in very long lines for a crust of bread like they do in Moscow. For weeks the people were deprived of meat as well as money from their bank deposits in order to accustom them to a communist economy. They left only the university television channel which, premeditatedly and to "raise the consciousness" of the masses, showed Cuban films chosen by the Cuban DGI [General Directorate of Intelligence]. The people were deprived of fuel and they even wanted to suspend telephone service. Analyzing these facts coldly, we see that we are living in a state of /internal commotion/, prologue to a cruel confrontation that those who want to attack the government and have fought for these 30 years to reach the presidency in any way are waiting for.

In spite of the fact that many take on airs of political "knowledge and maturity," they have not realized that they were playing the game of Yankee capitalism. Like a patient and hardworking spider, it spun its webs and the Bolivian leftists fell into the trap.

First there were joint maneuvers with "Marines" in a Mediterranean country where the Marines have no reason to train. They they were deployed in the Santa Cruz-Cochabamba-La Paz axis, making "an evaluation of the situation." Then the U.S. ambassador brazenly visited the COB [Bolivian Labor Federation]

like Little Red Ridinghood visiting the Ferocious Wolf. These two events are red herrings that hide a secret intention since in /politics there is no such thing as philanthropy or courtesy/. Events are coldly judged as /convenient or inconvenient/. We should ask ourselves who benefitted from the ambassador's visit. International communism? The United States? The ambassador himself? If it is inconvenient, why does he risk his diplomatic career acting on his own? what will the State Department say? Will it congratulate him or sanction him?

The premeditated delay and obstruction of firmly promised economic aid from the United States and "democratic" countries to the president elect then exiled in Lima are suspicious. Trusting in the good faith of these offers, he said, he had the economic support of world "democracy" to solve the crisis of the Bolivian people. Once in office, there were misunderstandings and they only sent inspectors to "study the situation."

U.S. imperialism, instrument of Sinarquism, knew very well that after so many years of autocratic governments, democracy was going to choke us like too much water after a desert-like thirst. In the short run, this was going to degenerate into libertinism, chaos, anarchy and little or no production. Therefore, they hurried to democratize the continent. They always go for the sure thing; they never leave loose ends.

Thanks to our strategic natural resources, we are capable of tripling our foreign debt which is tiny if we compare it to other countries like Brazil. Thanks to the endorsement of our gas, Brazil obtained refinancing and expansion of its foreign credit. Poorer countries than ours receive IMF Stand-By aid but we only receive promises and impositions. All this makes us think that Yankee imperialism wants to give the native communists the opportunity to reach power in order to have an excuse to intervene militarily in the country in cooperation with neighboring countries similar to what happened in Grenada. The search for a normalizing solution can result in an accelerated /Polandization of Bolivia/. Its neighbors consider it a /geopolitical cork/ since it does not fulfill its function as land of contacts and has the greatest riches on the planet.

As a Bolivian, I worry especially about the /sovereignty of my fatherland. Although an anticommunist might like the idea of some "Marines" coming to run off and punish the native communists, I tenaciously oppose/ any /foreign power, whether capitalist or communist/ or any neighbor using our crisis to /trample Bolivian land and sovereignty/. Under these circumstances, invoking the privilege of being Bolivian, I ask my compatriots who are consciously or unconsciously collaborating in these perverse plans to put aside their ambitions for power and give the government a respite to help it find the best solutions within the framework of our political constitution. We have to get rid of our egoisms and striving for the sake of the unity and sovereignty of the fatherland which is worth more than any partisan political position. Let us keep in mind that /first is the fatherland, then the fatherland and always the fatherland/.

The people and history will be the inexorable judges that will know how to recognize or condemn the positions we take in this critical situation. The coming generations depend on its solution. Let us stop on the road and give a resounding /no!/ to any type of intervention, whether capitalist, communist, Sandinist, Shining Path, Castroist or by any ambitious neighbor.

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CSO: 3348/442

## COMMUNIST INFILTRATION SEEN SPREADING TO EDUCATIONAL SYSTEM

## Marxism in University Curriculum

La Paz EL DIARIO in Spanish 29 May 84 p 2

[Text] In several editorials in these columns we have concerned ourselves with the Marxist penetration into the national institutions and Bolivian education on all levels, with the tolerant, complacent attitude of the UDP [Popular Democratic Union] government, of which the Bolivian Bolshevik Communist Party is the leading component.

The Plenary Assembly of the Bolivian Bishops Conference, held recently in Cochabamba, in addition to many statements on the sad current situation in Bolivia, considering the issue of the Literacy Plan that is in the hands of Cubans, Chileans, Nicaraguans and a few pro-Soviet Bolivians, has expressed its surprise at the "use of a revolutionary Marxist vocabulary, quite contrary to the Gospel of Jesus Christ taught by the Church." Then it adds that the bishops "regard this indoctrination as an outrage committed against the Christian people, which could bring fatal consequences later."

With admirable analytical accuracy, the bishops add: "The chaotic situation being experienced by the country at present, and the outbreaks of violence that we are suffering, are only a prelude to the disaster being prepared in this way among the Bolivian youth, by means of atheistic instruction in the schools, under the protection of the state authorities."

If this is happening in the primary and secondary schools, what would we have to say about the higher or university educational institutions, wherein each one of our schools, supported by people the vast majority of whom are Christian, serves as a meeting place and platform for Castro-Communist publicity, poisoning our youth with unwholesome preaching against religion, the nation and its republican institutions? At all times, the university, as its name indicates, has never ceased to fearlessly teach and explain the Marxist theory along with other concepts, both political, economic and social, of the various doctrines, so that the student might know how to select and analyze freely. In the Socialist university of today, in an exclusive and "democratically" imposed manner, only historical and dialectical materialism is taught and boringly reiterated, even in courses such as those of medicine, architecture, engineering, dentistry, nursing, etc. But the example of the law and

social sciences course is more telling, because during the entire academic term of the first year, in five courses of the compulsory curriculum, there is nothing but a repetition of the same topic: historical and dialectical materialism, with the aggravating factor that every professor has his own approach, as a PSI [Leftist Socialist Party], Muscovite, Maoist or Trotskyite Marxist, leaving in the university student a feeling of confusion and, at the same time, derision. Instead of gaining followers, as the Marxists think, there are arising, rather, young people who are rebels, owing to the dialectical surfeit.

In this way, our universities, free for a long time, have become branches of the Lumumba University in Moscow, where Bolshevik activists are educated with the professional label, to return as KGB agents in their native lands.

#### Church Demands Explanation

La Paz EL DIARIO in Spanish 30 May 84 p 5

#### [Excerpt] Literacy Plan

During the bishops' meeting held in Cochabamba, the Church representatives voiced their surprise at the fact that the government, through the authorities in the Ministry of Education, had not requested the Church's cooperation, so that it could take part in the literacy program that will begin soon.

#### Foreign Organizations

A Church representative told EL DIARIO that he was certain that foreign organizations with Marxist connections are playing a leading role, not counting their massive participation in the literacy campaign.

The source interviewed by EL DIARIO said that this fact must constitute a warning. The Catholic Church should be present in the literacy campaign, because the Bolivian people are Christian above anything else, and will not accept outside interference, particularly by foreign powers.

#### Television Programs

The same religious authority, commenting on various topics, expressed his concern at the publicity being given on the Cochabamba University television channel on the guerrilla activities that are under way in the Central American countries.

#### Ministry of Education

It will be incumbent on the Education Ministry, in turn, to explain the scope of the literacy plan to be carried out soon in the country, reporting the international organizations that have promised their cooperation.

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## CIVIC COMMITTEES ADDRESS DECENTRALIZATION ISSUE

## National Civic Congress Endorsement

La Paz PRESENCIA in Spanish 26 May 84 pp 1, 13

[Text] 25 May. The nine civic committees of the nation today endorsed Bolivia's administrative and political decentralization, at the opening of the Bolivian National Civic Congress, attended by approximately 100 delegates from the nine departments.

The civic representatives agreed that the country should seek this decentralization within the framework of its legal ordinances, as the most appropriate response to the aspirations of the different regions of Bolivia.

According to an evaluation of announcements issued in different districts of the country, as soon as the Committee for Santa Cruz issues its appeal for an immediate political-administrative decentralization, there will be a "national consensus."

Jorge Landivar, chairman of the Civic Committee for Santa Cruz, said in opening this meeting: "We are setting a new course for the nation at one of the most important moments of its history."

Reynaldo Benegas, chairman of the Oruro Civic Committee, who spoke representing the visitors, said that Santa Cruz, in promoting the political and administrative decentralization of the nation, "is complying with the mandate given to the civic committees of the entire nation at the Congress of Cochabamba."

The main session of the congress was held in the "Melchor Pinto" room of the Committee for Santa Cruz. The meeting was marked by a strong civic spirit.

"Centralism in the nation's economic and social development," it was said, "is an anachronistic intrusion, which hinders the flexible and efficient administrative functioning which the departments want."

It was said that ever since the founding of the republic, the system has led Bolivia toward a collapse "because of its weak economic, political, and administrative structure." There must be a desire for change, a desire to move toward decentralization with the full participation of all in "achieving national unity in the context of a sincere respect for the diversity of our regions."

Mr Benegas said that centralism "is an irrational, incompetent, and unconstitutional system, which has drawn its powers from all the fibers of our nation's strength, until it has brought about its economic and social paralysis, with the nation incurring the serious risk that death might follow this paralysis."

Landivar, in speaking to the delegates, said: "This is not the first time that patriots have raised their voices and called for a new course for Bolivia, but the response of centralism has always been evasive. He said that there have always been delays; deadlines have been set, but never met."

In another part of his speech he asked: "What has happened to our vast resources exploited throughout the century and a half of centralism? The veins of silver have been depleted at the cost of so much blood, without leaving improvements in our villages; our productive forests have built fortunes, but that is not reflected in the industrialization of our nation; our fields are worked without order; our land is drilled; they gave us in the past and continue to give us now large revenues that only serve to cover our out-of-control treasury deficit."

#### Moral and Material Crisis

The Santa Cruz civic leader said that the crisis is both material and moral. "To face this crisis, we need responses that will accept no improvisation and no lagging behind." He said that this meeting may be described as "historic," since decentralization is a response to a democratic desire for justice. Decentralization, he indicated, will enable the people to participate in shaping their own destiny.

He said that decentralization is an administrative tool because decision-making powers are delegated; it has democratic value; it guarantees liberty; it stimulates progress by awakening and using local energies; and it increases the efficiency of services.

"It is important to remember," he noted, "that in our country decentralization will serve to strengthen political stability." He indicated that decentralization will not mean that rich departments will administer their wealth, and poor departments will administer their poverty, "but rather that it will allow an equitable system to be established."

#### Representing the Delegations

The head of the Oruro Civic Committee, Reynaldo Benegas, spoke of the framework in which this congress will analyze political and administrative decentralization, using legal mechanisms so that the government will accept this national necessity as an inevitable reality without further delay.

Benegas said that this congress will work seriously within the nation's legal structure. "Here we will seek," he said, "the forms and matrices to move decentralization forward, in accordance with the provisions of articles 109 and 110 of the State Political Constitution."

The Oruro delegate said that this is not a reform of the structure of the Bolivian state. "It is an attempt to eliminate a defect: excessive centralism which has numbed the nation's productive forces."

He said that through this system, they will attempt to give the nation "a channel for the expression of its true personality so that creative work may be accomplished in the republic."

He maintained that at this time, decentralization is an expression of the people's will, and he said that this meeting is vital. They will work, he said, in the context of the State Political Constitution. There will be no violation of our institutions. They will work to deal with the needs of our peoples, in seeking a consensus to carry decentralization forward.

#### Lechin's Attack on Congress

La Paz HOY in Spanish 30 May 84 p 5

[Text] "The departmental civic committees are engaged in a flagrant process of destabilization of democracy, by calling for administrative decentralization outside of the State Political Constitution," the executive secretary of the COB [Bolivian Labor Federation], Juan Lechin Oquendo, said yesterday.

The civic committees' proposal contains some pro-coup tendencies. They are acting in complicity with some military officers who have been removed from the army and some others who still support "pro-coup" positions, said the leader, in speaking about the 10-day deadline set by the congress of civic organizations.

Decentralization should be considered carefully by the legislative authority, by the chambers, as a matter of constitutional reform, but in no way can a matter of law be imposed by force.

The civic committees consider themselves an alternative to power, by resorting to or proposing measures supported by pressure, though they do not have the moral authority to mobilize the population.

For example, the leader of the Oruro civic committee was formerly on the left. Now he is involved in an ultrarightist position. How will he be able to mobilize the population, who now look with hope toward the COB movement, asked Lechin.

#### Resolution Adopted, Other Issues

La Paz EL DIARIO in Spanish 28 May 84 p 1

[Excerpts] Resolution:

Following is the text of the resolution of the Congress of Civic Committees of Bolivia:

Resolution of the peoples of Bolivia. The Civic Committees of the republic, meeting in a Special Congress in the city of Santa Cruz de la Sierra, stating their unswerving faith in the shared destiny of the peoples of Bolivia, and reaffirming their desire for a life spent in liberty under a democratic political system, have decided to move forward toward the improvement of the legal-political structure of the Bolivian state, in strict observance of the constitutional order governing us. In support of this position, we state that one of the principal factors causing our national backwardness and disintegration is the centralist administrative model which has slowed down the dynamism of the nation and its potential for development. Believing that it is necessary to bring an end to this centralist structure of the national state, aware that the time has come for the full and total implementation of the State Political Constitution and its full enforcement for both the governors and the governed,

we firmly believe that its legal content makes it possible to move forward toward the consolidation and modernization of the Bolivian state, an objective that will be brought about on the basis of political-administrative decentralization with broad social participation. We have hereby resolved to assume the historic responsibility which the Bolivian people legitimately call for and demand. The Civic Committees meeting in this city of Santa Cruz de la Sierra hereby resolve:

First: To call upon the executive power to issue a Supreme Decree establishing the administrative decentralization stipulated in articles 109 and 110 of the State Political Constitution, within the firm deadline of 10 days from this date.

Second: To call for the national and state mobilization on alert status of all the nation's Civic Committees, so that in case of noncompliance with the points stated above, the necessary actions may be taken.

Third: To entrust the board of directors of this Special National Congress of Departmental Civic Committees with the mission of ensuring compliance with the resolutions approved, and to grant them full powers to adopt all measures required, in consultation with the chairmen of the Civic Committees.

Issued in the "Dr Melchor Pinto" Room of the Committee for Santa Cruz, on this 27th day of May, 1984.

#### Deadline

The civic representatives also decided to set a 7-day deadline for the central government to issue a decree calling for the country's decentralization. This was fully debated by the delegates attending the congress, and great care was taken in drafting this statement, to ensure compliance with the nation's laws in force, especially those contained in the State Political Constitution, which in articles 109 and 110 clearly establishes decentralized administration.

It was also learned that the board of directors of the Special Congress of Civic Committees, which was formed to handle negotiations with the government, has decided to set the city of Santa Cruz as a meeting place, heeding the appeals of the delegates, who urged them not to go to the "Mecca" of centralism.

## Other Issues

The Committee for Santa Cruz was given responsibility to draft the bill that is to be presented to the Congress during its first sessions. This bill will include all the points which were debated at this Civic Congress. A meeting will be held in the city of La Paz in early August in order to revise this bill.

There was harsh criticism of the development corporations, which apparently have become a source of profit for the present politicians all over the country, even though these politicians are supposedly democrats.

The municipal elections were also discussed. Strong criticism was expressed about the present government, which during its more than 1 year in office, has not yet managed to hold these elections.

Finally, the engineer Jorge Landivar, in closing the congress, said: "It seems that we are acting in compliance with our nation's will. The work we are undertaking is great; we are facing up to the challenge of history. From this moment forward, the process we are now beginning is irreversible. There is only one course left for us: to save Bolivia."

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## PURGE OF STAFF BY NEWLY APPOINTED UNIVERSITY RECTOR SCORED

La Paz EL DIARIO in Spanish 30 May 84 p 5

[Text] Santa Cruz, 29 May--The rector of the Gabriel Rene Moreno University, Dr Jerges Justiniano Talavera, upon starting his administration, dismissed over a dozen administrative officials of the higher educational institution without justified cause and apparently to leave vacancies for members of his political group (CEPES), so that they might have an opportunity to enter that institution as employees, as occurred in CORDECRUZ.

That official, who took office a few days ago, after being awarded the victory in the elections in which the government party candidate, Jerges Justiniano, according to many charges, had a series of defects in his candidacy, such as the lack of the compulsory military service record, years of seniority in teaching, etc., is now trying to benefit his political followers with jobs, for this purpose dismissing honest, self-sacrificing workers with over 15 years of service in the institution.

The incomplete list of those dismissed is as follows: Jenny Barbbery, Natalio Nunez, Jorge Camacho, Bergman Pinto, Sergio Cardona, Emma Saucedo, Tito Hurtado, Flavio Morales, Modesta de Vaca, Manuel Ignacio Castedo, Marina Cuellar, Dardo Balcazar, Mario Zambrana Teran, etc.

It has been learned that those dismissed without justified cause have a memorandum signed by the well-known head of personnel at the university, Freddy Justiniano, and that this is not the first time that he has served to make such dismissals, in violation of the laws against transferring officials.

These unwarranted layoffs have caused a wave of repudiation among the workers and other members of the university community, because they represent a bad omen of what this administration that is starting will be like.

## Commission

To discuss the issue of the unjustified dismissals, and in view of the workers' demand, the distinguished university council has been forced to form a commission to study the case; because otherwise the spirits heated by the injustice would have resulted in confrontations, on the very first day of Rector Justiniano's exercise of his office.

Jerges Justiniano

When this new rector was queried by EL DIARIO, he commented: "I have the right to dismiss personnel, and if they continue to annoy me, I'll dismiss all of them, because I have many friends who need jobs."

2909

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## REPORTAGE ON SERPA DEFEAT IN MILITARY CLUB ELECTIONS

Brasilia CORREIO BRAZILIENSE in Portuguese 18 May 84 p 5

[Article, including Rio de Janeiro section, by Gilberto Dimenstein]

[Text] "We won." It was thus that Minister of Army Walter Pires reacted on being informed of the extent of the victory achieved by the General Tasso slate in the Military Club election. Pires explained that this result also means that the army opposes political debate within the club, expressing the view that "this is the greatest triumph to date in the Military Club."

The same reaction characterized Minister of Navy Alfredo Karam and Armed Forces General Staff Commander Valdir de Vasconcelos. At the conclusion of the ceremony at which Order of Merit in Communications--Grand Cross awards were presented, all of the military ministers, including Minister of Aeronautics Delio Jardim de Mattos, stressed the importance of the defeat suffered by the slate of Gen Andrada Serpa. In their view, the Military Club will continue to pursue its goals of a social nature, including leisure activities and sports.

Minister of Navy Alfredo Karam declined to go into detail on the matter, stating only that the triumph of General Tasso means "the victory of the slate which does not want politics in the Military Club." In the view of Minister of Aeronautics Delio Jardim de Mattos, there were no changes in the army sector, and the election was held in an atmosphere of normality, as happens from time to time.

None of the ministers said he perceived any dissidence in the army with the emergence of an opposition slate with nationalist theses. According to Walter Pires, this would have occurred had the opposition won, while Vasconcelos recalled that there is no longer any possibility of politics in the club now, since 35 percent of those who voted for General Serpa's slate "represent nothing." Moreover, it means that there will be no politics in the club, and "it is this which is good," the EMFA [Armed Forces General Staff] minister said.

General Tasso, who has been elected for the first time by the direct and secret ballot, by 65 percent of the 23,286 members of the Military Club, was only defeated in Porto Alegre and Recife by a small margin of votes. During the campaign he gave only one interview to the press, on the occasion of the fraternal luncheon offered by the Army Club in Brasilia to the members of the Rio de Janeiro Military Club living in Brasilia.

Serpa, who has been a systematic critic of the government, gave a number of press interviews, stressing that the Military Club should function as a body focusing on the problems of the nation in the economic, social and political realms. This line was opposed by the dominant leadership in the land forces, which want the military to return to their barracks and withdraw definitively from politics. Minister Walter Pires, who stressed this army position in his order of the day, supported the slate of those in power, even authorizing a message for inclusion in officers' pay envelopes, encouraging them to prevent the club from becoming a rostrum for political debate.

Military circles in Brasilia say that the bloc which voted for General Serpa, the majority of whose members are concentrated in Rio de Janeiro, will continue the "nationalist" crusade, using regular attendance at the club to initiate political debate, among other means. A military commander who served with Serpa in the General Personnel Department stressed that despite his differences with the government, his message is one of optimism and designed for the nation's good. "And he is above all a very sincere and convinced nationalist," he stated.

General Tasso won over General Serpa by more than 1,100 votes. In Brasilia, where the reserve has a contingent of more than 5,000 officers, the "national sovereignty" slate lost by more than 60 percent of the general total, despite abstention by more than 45 percent at the polls.

#### Serpa Wins Victory (Dispatch from Rio de Janeiro)

Meeting with reporters in a small office on Rio Branco Avenue today, Gen Antonio Carlos de Andrada Serpa will state that he won a victory in the Military Club presidential election. A few meters away, and possibly at about the same time, Gen Tasso de Aquino will tell the press that without a doubt he was the great winner--after all, he won 65 percent of the vote at the polls. And for some time, there will certainly be an animated discussion in the barracks: what direction will the division in the armed forces take?

Obviously, Serpa did not win the largest number of votes, but 35 percent is a large proportion. In the early morning hours yesterday, despite fatigue after the campaign, the former commander of the Third Army still found the strength for literary metaphor: "The seed fell in fertile ground. It will bear fruit in the coming years." This is a part of a note drafted immediately after learning that the Tasso candidacy had won a majority of the votes. In the memorandum, he said that "a respectable portion of military opinion--the votes of those who will continue to fight--came out in favor of the national project which is democratic, Christian and nationalist. These voters are persuaded that Brazil is a viable nation if incompetence, corruption and violations with impunity are overcome to the benefit of the Brazilian citizen."

A somewhat more careful reading of the figures for this election will show that the Serpa candidacy was supported by the troops. He won in Porto Alegre, which is a strategic region, for example, and achieved the same success in Recife. In Rio, he did well in Vila Militar and at Praia Vermelha

(Command and General Staff School), where our future officers are in training. Even in Brasilia, where the pressure was more visible, a substantial vote went to support the former commander of the Third Army.

Yet another figure: the rate of abstention was high, about 70 percent. Col Tarcisio Nunes Ferreira, who is close to Serpa, believes that this phenomenon did his candidate harm. He explained that "no one wants to vote against his conscience. To avoid voting against Serpa, they preferred to stay home." Others believe, however, that the abstentions worked precisely in his favor, to the extent that the Serpa faction was better organized.

This discussion will continue in the barracks for some time. Moreover, civilian society is debating the state of military unity. One can no longer say that the "military do not want direct elections now." Perhaps part of the military.

We have yet another factor in this tangle of divisions developing in the country. There are divisions at the Planalto Palace, in the PDS [Social Democratic Party], and the navy and the air force are expressing discontent. Businessmen and the middle class are making demands and protesting. A short time ago the country saw the masses flooding the streets of the cities in support of direct elections. The rumble of violent movements has now begun. Citizens dead and wounded in Sao Paulo, strikes in key sectors of the economy, such as transportation. Can it be that all of this will have no institutional effect?

In this cauldron of demands and social needs, aggravated by high inflation, extortionistic interest rates, unemployment, amendments, major and minor changes, compromise among the leaders--in a word, the complicated world of negotiation, perhaps everything will be swallowed up by the need for a new pact.

#### Abstention as an Expedient Measure

Among leading parliamentarians, some with a military background, Gen Andrada Serpa won a real victory over the government, with 35 percent of the valid votes in the election for the presidency of the Military Club, although Gen Tasso Villar, the government candidate, won the election. Another fact cited by some parliamentarians who followed the intensive battle for the presidency of the Military Club with close attention was the high percentage of abstentions, which showed that even those who did not want to express their views by voting did show their protest in some way.

A parliamentarian of military origin argued, in assessing the results of the election, that the government lost support in all the strata of society, in view of the violent economic and financial crisis the country is facing, which has stubbornly resisted all the remedies attempted by the economic authorities.

"Now, with the Military Club election, it is obvious that the government has lost substantial support in its main bulwark. Without a doubt, the results

show a division in the main government base of support," this parliamentarian commented.

A deputy, also of military origin, noted that Serpa won in Rio Grande do Sul and in Recife, while he succeeded in obtaining a balanced vote in the voting places established near the Vila Military and Praia Vermelha garrisons, where the Army Command and General Staff and Higher War Schools, as well as the Military Engineering Institute, are located. He said that the substantial abstentions should be regarded as due in large part to those who were going to vote for the opposition candidate, but because of the appeals of their commanders, decided in the end simply not to vote.

The assessment goes farther, suggesting that at this point, the president of the republic and his military ministers should be properly analyzing the results of the Military Club election with the substantial vote cast for Andrada Serpa. It was even noted yesterday that Serpa, although an honorable man and a prestigious military commander, never has been, nor is he now, a sympathetic figure.

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## SOCIALIST PARTY LEADERS TO ATTEND RIO SEMINAR IN OCTOBER

Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 May 84 p 2

[Text] Leaders of socialist parties in various countries throughout the world, including Felipe Gonzales, Mario Soares and Willy Brandt, are expected to visit Rio in the first week of October to participate in a seminar on Brazilian socialism. The gathering will be organized by the PDT [Democratic Workers Party] a few days prior to the establishment by its leading members, along with politicians from other groups, of a socialist party in this country. The platform, policy and doctrine of the new party will be defined in the numerous meetings scheduled to begin next month.

These plans were announced by Gov Leonel Brizola to PTB [Brazilian Labor Party] State Deputy Francisco Horta on Friday at the Laranjeiras Palace, where the two men met for a little over 3 hours. The parliamentarian informed the governor about the conclusions of the study which has been under way concerning the legal viability of the establishment of new parties. Brizola himself asked for the study. Horta said that he will submit his final report on the 31st of this month, and that both he and the governor are enthusiastic about the possibilities offered by the legislation.

## Communists

According to Francisco Horta, the process of political negotiations with a view to the creation of the new party will begin as soon as Brizola has the document in hand. He said that the governor has told him he does not want the support of communist or right-wing radicals in the future party, but will be pleased to have politicians of the center sector, including those now affiliated with the PDS [Social Democratic Party].

According to Horta, Brizola believes that his future party will find an electoral base in the middle class. Moreover, he plans to penetrate the workers sector, without however attempting to organize the militants in the Workers Party.

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## SNI STUDY FORECASTS MALUF VICTORY AT PDS CONVENTION

Brasilia CORREIO BRAZILIENSE in Portuguese 27 May 84 p 3

[Text] The government has been informed that the survey made by the security office shows that PDS [Social Democratic Party] Deputy Paulo Maluf (Sao Paulo) is now likely to win at the PDS convention by about 75 votes over the second runner. This advantage is tending to increase, to the extent that the Maluf victory becomes likely.

The study further shows that the president of the republic is the strongest leader within the PDS, after Maluf, and his support would strengthen any candidate. The supporters of Maluf's candidacy do not believe that the president of the republic will take a stand, but will maintain his earlier equidistant position.

## Electoral College

The possibility that Maluf will be defeated in the electoral college by an opposition candidate such as Gov Tancredo Neves of Minas Gerais does not frighten his party colleagues. The argument is that the doctrine of betrayal --voting for the candidate of the other party--is valid for both sides. Maluf is already said to be assured of support as president by 42 PMDB parliamentarians.

According to another estimate by the Maluf supporters, the opposition groups will lose those committed not to vote in indirect elections. This document, drafted by the radicals in the PMDB, will in the end be one of the main trumps of the Maluf faction, because it represents certain victory in the electoral college.

Support of the Maluf candidacy has even spread into the strongholds of his two main adversaries. He has now succeeded in achieving a balance of votes in Minas Gerais and Bahia, with Vice President Aureliano Chaves and Minister of Interior Mario Andreazza, respectively, who appear to control the local boards of officers. The goal now would be to prevent an impressive upsurge for his candidacy.

In speaking to a number of parliamentarians last evening, PDS Sen Virgilio Tavora of Ceara defended the thesis that the process of succession is for all practical purposes defined. Candidates Mario Andreazza and Paulo Maluf are supporting each other, and they are the masts holding up the sail. If one of them falls, the other will be affected.

## Offensive Campaign

The Maluf group has decided to respond to all criticisms and to make charges in order to create difficulties for the opponents. The first move in this strategy was the document addressed to the leader of the government in the chamber, Deputy Nelson Marchezan of Rio Grande do Sul, informing him that the negotiations concerning President Figueiredo's amendment must have the approval of the bench.

This document is being held in reserve for any emergency. As Deputy Amaral Netto of Rio de Janeiro, vice leader of the PDS, said, "it is a holstered revolver we can use when necessary."

Last week, PDS Deputy Adail Vettorazzo of Sao Paulo, another leader of the Maluf faction, charged that the opposition is preaching betrayal within the PDS in seeking to win the votes of the group in favor of direct elections. He noted that the PDS will continue to be united after its convention, because it differs from the opposition, which is made up of various deserters.

Vettorazzo also referred to the lack of a quorum in the PMDB at the time of the trial of Deputy Jacob Lopez, charged by the PMDB officers in Sao Paulo with corruption. The lack of a quorum was, in his view, "a whitewash, the sad undoing of a party which was established and developed on a platform of combatting corruption and moral housecleaning of the public administration."

Vettorazzo believes that, deprived of its principles, the PMDB has died, and that all that remains is to sound "taps." The PMDB as a party has breathed its last, and certainly someone will place near the grave which has been dug a marble tablet bearing the epitaph "Here lies the PMDB which, having lost credibility with the Brazilian people, had recourse to suicide as its final gesture."

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CSO: 3342/111

## SUPPORT FOR NEW PARTY CREATED BY PDS DISSIDENTS DISCUSSED

## Sources of Support

Brasilia CORREIO BRAZILIENSE in Portuguese 27 May 84 p 4

[Text] The new party's test balloon is inflated and deflated from day to day, but the idea has not died. The 29 PDS [Social Democratic Party] parliamentarians who are determined to establish a new party still regard it as the last recourse in the event that negotiations fail. According to deputies who are on the front line in the organization of the new group, the retreat was less the result of the risks encountered than the negative echoes resulting from the talks, because of the disastrous fire hazard revealed as soon as the test balloon began to rise.

The establishment of a new party made up solely of PDS factions would simply destroy the PDS. If it involved only those parliamentarians already committed to the idea, the PDS could practically disappear in Minas Gerais and Santa Catarina, altering the party picture so drastically that the consequences could not be predicted. Thus the body given birth in order to end the PDS majority in the electoral college might cause a reaction beyond it, such that election of a successor would escape the control of the political-parliamentary sector.

The first reaction to the test balloon came from the general staff of Aureliano's candidacy itself. Although it drew its inspiration from there as an idea, for initial articulation of the new party, at the meeting held Wednesday night in the apartment of Deputy Saulo Queiroz, only the parliamentarians supporting Aureliano were present. Abandonment of the new party was the next move, since it threatened to hinder the negotiations sponsored by Aureliano, just at the time they were beginning to move in two main directions, both clearly dependent on the present parties.

On the one hand, Aureliano's talks with the party presidents, Ulysses Guimaraes of the PMDB [Brazilian Democratic Movement Party] and Jose Sarney of the PDS, plus PDS leader Nelson Marchezan, established a negotiation stage on the level of the parties in the congress. On the other hand, the opposition sectors were adopting a position in favor of a single opposition candidate (established by consensus with the support of a part of the PDS or the new party), which led to an effort by the PDS, as a counterpart, to find a candidate to unite the party (who would then become a consensus candidate with the support of the opposition).



The two directions of the talks based on the positions of the present parties do not therefore suggest any threat to them. But the idea of the new party was not abandoned, first because the Aureliano contingent in the PDS would not even accept a victory at the convention by a candidate who did not represent party unity. And secondly, because this would result, on the regional political level, in an end to the political careers of a good portion of the parliamentarians determined to establish the new party. For them, this is a life or death struggle if the talks fail.

#### Who's Who

The main goal of the new party will be to attract state PDS deputies who would establish a majority from the PDS benches in the legislative assemblies, thus enabling the PMDB to elect delegates to the electoral college in these assemblies. The PDS majority of 36 votes in the electoral college would go to a coalition of opposition groups plus the new party, with 40 votes. Thus the number and the names of the state PDS deputies supporting the idea have been kept secret, with only a total of 15 being known. However, it is possible to identify almost all of the 29 PDS parliamentarians and the conditions for the advance of the new party, on the basis of an assessment of the forces in the federal sector. The new party would be very strong in Minas Gerais, Parana and Santa Catarina, and it might develop uncontrollably if the pointer of the scale for the presidential succession proves right to the point of reducing the PDS to a Maluf party.

#### Minas Gerais

Twelve of the 13 deputies who voted for direct elections now support the idea. Only Maluf supporter Gerardo Renault does not. The others are Aecio Cunha, Antonio Dias, Emilio Gallo, Humberto Souto, Israel Pinheiro, Jose Carlos Fagundes, Jose Machado, Mario Assad, Mauricio Campos, Navarro Vieira, Oscar Correa and Paulino Cicero. In other words, almost half of the 26 deputies on the Minas Gerais PDS bench, such that it would be very difficult for the others to continue in the PDS if faced with the fact of a newly established party, which would strike the electorate as a betrayal of the Minas Gerais candidates in the election--Aureliano and Tancredo, and would provide the PMDB in the state with broad majority conditions. It is probable that support will in the end be total, including Sen Murilo Badaro.

#### Santa Catarina

In principle, three deputies--Evaldo Amaral, Fernando Bastos and Paulo Melro, and one senator--Jorge Bornhausen--would join. Faced with a fait accompli, it is certain that Gov Esperidiao Amin would not be excluded either, such as to lose his vanguard political position. This would force former vice-governor Henrique Cordova, an Andreazza supporter, to join to avoid remaining isolated in the state. Only Bornhausen's leadership can guarantee enough state deputies to put an end to the PDS majority in the assembly (21 to the PMDB's 19).

## Parana

Three federal deputies--Antonio Mazurek, Luiz Fayet and Norton Macedo--would immediately support the new party, but the addition of Ney Braga would probably guarantee a majority for the federal and state PDS benches, practically ending the viability of the PDS in this state. In six other states, the new party would have to develop, due to its weakness or the peculiarity of local political conditions, in close collaboration with the PMDB.

## Rio de Janeiro

The obvious choice for the new party would be the current regional president of the PDS, Moreira Franco, closely accompanied by Deputy Alvaro Valle. However it is believed that with Moreira at its head and with the collapse of the Andreazza candidacy, viewed as a natural consequence, the new party would control almost all of the PDS forces. However, it would be weaker than the present PDS, and in order to avoid losing the potential for electing the future governor of the state in 1986, it would have to emerge through a major agreement with the PMDB forces. The initial talks between Moreira and Deputy Marcio Braga of the PMDB have already taken place, and have been adjourned until a second stage.

## Sao Paulo

Herbert Levy is the only federal deputy supporting the new party. But it would have some strength on the state level with the leadership of former governors forced out of the PDS by Deputy Paulo Maluf, to wit Abreu Sodre, Paulo Egidio and Laudo Natel. The greatest strength, however, would have to come from the leadership of Olavo Setubal, currently without party affiliation, but with an electoral political plan committed to the PMDB and the Franco Montoro government, of which Roberto Gusmao and Caio Pompeu de Toledo are secretaries. The new party would therefore have to be the product of a major agreement with the PMDB and the state government itself.

## Ceara

Gov Luis Gonzaga Motta would support the new party, and Federal Deputy Paulo Lustosa would go along with him, with foreseeable additions of state deputies. Gonzaga Motta guarantees further support. The new party would be weak, at least to begin with, but it would draw off almost all the strength of the PDS in the major urban areas, competing there with the PMDB and being squeezed between that party and the PDS. It would then have to arise out of cooperation with the PMDB.

## Bahia

The only visible support is that of Federal Deputy Jose Lourenco, who would need electoral support from the PMDB for his political career. Preliminary talks to this end have already been undertaken with PMDB Deputy Francisco Pinto. However, it is believed that once the new party is a fact, it would win the leadership of Sen Jutahy Magalhaes, and possibly, as well, that of

Sen Luiz Viana and other PDS factions opposing former governor Antonio Carlos Magalhaes, which would split the PDS down the middle. In the medium time range, a split between present governor Joao Durval and Antonio Carlos is also anticipated.

#### Paraiba

Isolated support from Federal Deputy Tarcisio Buriti, today the strongest individual electoral force in the state, would be expected. The help of the PMDB would be needed. However, the prospects for Buriti's election in the state, added to the new party's prospects in the presidential succession, have the potential for seriously weakening the PDS in Paraiba.

#### Mato Grosso do Sul

The support of Federal Deputy Saulo Queiroz, added to that of three other state deputies, would give the PMDB a majority in the Assembly (today the PDS has six to the PMDB's six). Saulo has already held talks with PMDB Sen Marcelo Miranda with a view to guaranteeing PMDB support for the new party. Still further defections from the PDS as things develop can be foreseen.

#### Rio Grande do Sul

The new party can rely on only three state deputies, but this alone will suffice to put an end to the PDS majority in the Assembly. The PDS today has 23 as compared to 21 for the PMDB and 12 for the PDT [Democratic Workers Party]]. In addition to this, Gov Jair Soares is moving closer to the PDS faction in favor of direct elections, while at the same time the only future for the political leadership of Deputy Nelson Marchezan lies through agreement, increasing expectations that the new party can benefit greatly from the developments in the presidential campaign on the local level.

To this survey of organizers of the new party the support of senators in the Aureliano faction, such as Luiz Cavalcante of Alagoas, and Joao Calmon, of Espirito Santo, can be added. The medium range prospects could also be favorable as a function of the presidential choices made by important local leaders in the following states: Espirito Santo (with former governor Elcio Alvarez), Sergipe (with the Franco family), Alagoas (with Sen Guilherme Palmeira), Pernambuco (with Sen Marco Maciel and Gov Roberto Magalhaes), Maranhao (with Sen Jose Sarney), Piaui (with Gov Hugo Napoleao, Sen Helvidio Nunes and Deputy Celso Barros), and Para (with Minister Jarbas Passarinho).

#### Court To Rule

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jan 84 p 4

[Text] Brasilia--The proposed establishment of a new party made up of PDS [Social Democratic Party] dissidents and PMDB [Brazilian Democratic Movement Party] moderates led by Vice President Aureliano Chaves may be clarified by the judgment rendered by the Superior Electoral Court (TSE) on the question formulated yesterday by Parana Deputy Norton Macedo (PDS). The deputy wants

to know if 2 years of membership in the new party are required for candidacy for an elective office.

The president of the PDS in Parana and one of the coordinators of the candidacy of Aureliano Chaves, Norton Macedo wants to know if a politician who leaves the party of which he is a member may establish another without losing his right to office, and without being subject to the minimum 2-year requirement for running as a candidate for the new group.

This parliamentarian also wants the TSE to rule on whether only the signatories (at least 101 voters) will be regarded as founders of the new party, or whether federal and state deputies and aldermen who, in the process of its establishment, sign the party membership slips required for the election of the first board of officers and subsequent final registry of the new group with the electoral court will also be so considered.

Norton Macedo has given assurance that the idea of the new party has not been abandoned by the PDS dissidents. "The matter continues under study," he said. He explained that the movement will only have a chance of success if it has the effective support and national leadership of Aureliano Chaves. However, the vice president's position will not be defined until the end of the month, in view of the path pursued by President Figueiredo in the talks involving the "amendment" and the succession process.

The goal of those who conceived the idea of the new group is to upset the PDS majority in the electoral college. They regard it as possible to win the support of at least 30 deputies and senators, a number of state deputies and political leaders not now in office, such as Olavo Setubal, Celio Borja, Moreira Franco and Jayme Canet, among others.

Without a majority in the electoral college--the disparity involves only 36 votes--the PDS would not be in a position to elect Paulo Maluf or Mario Andreazza, which might force the Planalto Palace to review the succession process, choosing a politically reliable candidate with popular support.

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CSO: 3342/111

## COUNTRY SECTION

BRAZIL

## BRIEFS

**TREMORS HIT CAIXAS DO SUL--**Porto Alegre--Five tremors followed by strong noises, which occurred between the night of Tuesday, 12 June and the morning of 13 June, caused dread and panic among the people of the Marechal Floriano and Cinquentenario neighborhoods in the Caixas do Sul District. The causes of these tremors have not yet been determined. According to the local city hall, the strongest tremor occurred at 0200. Although it lasted for only a few seconds, it was enough to make people abandon their houses and cause cracks in walls. Informed of the tremors, on 13 June city hall authorities and police tried to determine their causes by inspecting all the affected area in the search for stone quarries of construction sites where there could have been an explosion. However, they did not find anything. During a telephone conversation with O GLOBO, geologist Sergio Mattana also admitted that more information is needed to make a clear explanation of what occurred. However, he expressed his conviction that there was a slight earthquake of about 2 degrees on the Richter scale. He added that "there was an accommodation of blocks of earth in a geological fault," that is, an underground crack. According to Mattana, he has no doubt that there is an underground fault in the region which is evidenced by the large number of artesian wells. [Text] [PY150213 Rio de Janeiro O GLOBO in Portuguese 14 Jun 84 p 8]

**NAVY FIRES ON FOREIGN VESSELS--**Rio de Janeiro, 1 June, CANA-REUTER--A Brazilian Navy corvette opened fire against eight unidentified foreign vessels which were fishing illegally off its northern coastline, but the boats escaped unharmed, the Navy Ministry said today. A spokesman told REUTERS that the corvette "Pirantini" had machinegunned the vessels merely to force their crews to surrender. He said the nationalities of the vessels were not immediately known. Once they were spotted fishing in the Brazilian territorial waters off the Territory of Amapa, they escaped to the border waters of French Guiana. Since 1979, an average of 15 boats have been caught fishing illegally off Amapa's coast, according to the Navy Ministry estimates. About 2 months ago, the Brazilian Coast Guard caught a U.S. flag Night-Hawk, which was only released after paying a nearly \$20,000 fine and having its catch confiscated. [Text] [FL012136 Bridgetown CANA in English 2118 GMT 1 Jun 84]

CSO: 3300/6

## GOVERNMENT TO PROPOSE MEASURES TO SOLVE DEFICIT PROBLEMS

Bogota EL SIGLO in Spanish 13 May 84 pp 1-A, 2-A

[Article by Arturo Menendez Vall-Serra]

[Text] In the coming regular sessions, the National Government will present to Congress a package of bills aimed at warding off the serious fiscal problems now besetting the country and that will last two more years.

Officials in the Ministry of Finance and the National Tax Directorate are studying several alternatives for handling the growing deficit and working on measures to rationalize public spending. The various proposals now being analyzed include the rescheduling of the nation's debt to the Bank of the Republic and expansion of the current emergency quota for financing part of the estimated fiscal deficit for 1984.

The current public finance situation continues to be critical despite the tax reforms introduced by the Legislative Branch the previous year. Resources from foreign trade and those from the Special Exchange Account have been substantially affected. For 1984, estimates of the Office of Comptroller General show a treasury deficit still to be financed on the order of \$35 billion. In a recent analysis of the public finance situation, FEDESARROLLO [Federation for Development] pointed out the need for the government to present a program to the legislative chambers making it possible to achieve the adjustments needed to finance the deficit.

It proposed the possibility of obtaining financing through the sale of high-cost securities such as national savings bonds and low-yield bonds.

According to the proposal, the national savings bonds would be sold to private investors, while the low-yield bonds would necessarily be for official entities with excess liquidity, in the financial system and in enterprises and individuals in proportion to their capital. National savings bonds are now bought by enterprises and public establishments with excess liquidity and although they have been used by the government to obtain large volumes of resources, they also imply an extremely high cost which as FEDESARROLLO notes, ends up aggravating the financial situation of the Colombian Government even more.

## Rescheduling of the Debt

In addition, the government is studying a bill that would make it possible to turn the current short-term debt of the nation's General Treasury to the Bank of the Republic, a product of the extraordinary \$60 billion line of credit and the sale of the national savings bonds and their yield into a long-term debt. A measure of this type would not involve any extension of the redemption of national savings bonds because they would be paid along with interest to the holder when due, but the issuing institution would not demand payment from the National Treasury immediately.

## Public Spending

Although the National Government has already begun to adopt measures aimed at checking public spending, especially with respect to freezing the value of the payroll, it will present to the National Congress a bill containing the status of public spending, considered to be a complement to the 1983 tax reform.

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CSO: 3348/432

## NEGATIVE BALANCE IN TREASURY IMPROVES

Bogota EL SIGLO in Spanish 12 May 84 pp 1, 3

[Text] Thanks to the increase in collections, mainly because of the payment of income taxes, the situation of the General Treasury has definitely improved in recent weeks, meaning that the circulation of monies to pay operating expenses has practically returned to normal.

According to reports from the Tax Directorate and the General Treasury tax revenue has increased significantly during the last weeks of the fiscal calendar, mainly because of the payment of income taxes.

According to the Office of Comptroller General, the General Treasury had a deficit of nearly 24 billion pesos at the close of the first quarter of 1984. However, by the end of April and the beginning of May, the negative balance was only 13 billion pesos, a situation that those in the know consider encouraging and that will guarantee a normal flow of monies.

Because of the deadlines set for the submission of income tax returns by most taxpayers required to file and with the simultaneous payment of the first taxes, tax revenue and revenue of the Treasury has increased, thus reducing the growing difference between the Treasury's assets and liabilities.

However, the Office of Comptroller General emphasizes that because of the overestimation of revenue, the country's fiscal situation in the months ahead will be more dramatic, which will be reflected not only in low productive investments, as has been traditional in recent years, but will cause difficulties in covering normal operating expenditures which take up nearly 70 percent of the total national budget.

Through its austerity policy, expressed in a 10-percent reduction in general spending of all entities in the public sector on the national, departmental and municipal level, hopes to ward off fiscal problems while all the effects generated by the tax reform take place.

The figures supplied by the Treasury report a temporary recovery inasmuch as by the end of the year, once the central taxes have been collected, there will once again be a deficit. Last year and in the early months of 1984, the



government was able to bear the deficit thanks to resources from the special recovery line of credit, those of the larger line of credit with the Bank of the Republic and finally, with funds collected through national savings bonds, which will bring some 70 billion pesos into the Treasury. Of these, over 50 percent have already been sold, meaning nearly 35 billion pesos.

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## USSR OFFERS PARTICIPATION IN FIVE LARGE PROJECTS

Bogota EL SIGLO in Spanish 5 May 84 p 10

[Text] The Soviet Union has offered to the Colombian Government its participation in the construction of four hydroelectric plants, the use of new techniques for coal projects, equipment and systems for oil development, camper assembly and construction of the Carare section of the National Railroad.

The offer was presented by the Soviet delegation headed by Aleksey N. Manzhulo, vice minister of commerce, at the meeting of the Colombian-Soviet joint commission at which the commercial trade protocol was signed.

The final document of the meeting contains the following details on the Soviet proposal in the energy field:

"The Soviet Union expressed its interest in direct contracting for the supplying of hydroelectric equipment for Miel I and Canafisto and said that such equipment could be provided by Energomachexport. If Colombia decides to build these plants under turnkey technical assistance provisions, Technopromexport could participate in the execution of the projects.

"Upon learning that energy development plans in Colombia include construction of hydroelectric plants Miel II and Calima III, the Soviet delegation expressed its interest in receiving the technical specifications for those plants in order to determine the possibility of participating in their construction," the document states.

Concerning coal and oil development projects, the final document of the joint commission states that:

"The Soviet delegation expressed its interest in continuing talks with Colombian entities and firms on the supplying of tanks for oil, turbodrills, coal mining equipment, textile and copying equipment and the transfer of technology for the hydroextraction of coal, the thermic method of extracting heavy oil and the subterranean gasification of coal, saline technology for the production of cement at low temperatures and technology for transporting coal from the mines to thermal power plants, the so-called 'Transprogress' pneumatic system of transport."

## Coal

Colombia expressed the interest of CARBOCOL [Colombian Coal Company] in learning the Soviet technology of the subterranean gasification of coal and modern methods of transporting coal from the mines and to consumers in order to be able to use the technology.

"The Soviets confirmed the willingness of that country's organizations of cooperating with ECOPETROL [Colombian Petroleum Enterprise] in the field of the secondary and tertiary development of heavy crudes, as well as in other fields that might be of common interest to both sides in the future."

The Soviet delegation also offered its cooperation in rebuilding the country's railroad, specifically the Saboya-Carare section. The document states that:

"Both sides agreed to continue studying possibilities of cooperation in the railroad field. The Soviets said that the competent organizations of that country will also study matters having to do with the possibility of their participation in construction of the Saboya-Carare section and that they will make their proposals to the National Railroads of Colombia.

"The Soviets expressed their willingness to engage in consultations with the National Railroads of Colombia with respect to the resolution of specific technical questions relating to reconstruction of the Colombian railroad. They will also study the supplying of certain types of equipment and materials. Colombia stated that the National Construction Industry is able to complete civil engineering projects for the railroad."

The Soviet Union formulated its interest in supplying equipment for construction of the San Carlos-Sabanalarga transmission line.

On this matter, the document of the joint commission notes that:

"Considering the fact that Colombia plans construction of the 500-kilowatt electric power line following the Sabanalarga-Barranquilla-Urra-San Carlos route, which would be connected with the Alto Sinu hydroelectric complex, The Soviet delegation has asked Colombia for permission to supply equipment for construction of the 500-kilowatt transmission line, without bidding by Energomachepor, as in the case of Urra I and II. Energomachexpor informed the Colombian ISA [expansion unknown] and CORELCA [Electric Corporation of the Atlantic Coast] of its desire to participate in the supplying of materials, equipment and know-how for the project."

The document adds that "the Soviets also manifested their interest in camper assembly in Colombia. Colombia took proper note of the fact."

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## INDUSTRIAL GROWTH PROJECTED AT 3 PERCENT IN 1984

Bogota EL ESPECTADOR in Spanish 14 May 84 p 8-A

[Article by Marcela Giraldo]

[Text] The National Government believes that production of the industrial sector will increase by 3 percent in 1984, a figure implying the recovery of one of the most important sectors of the economy and in keeping with the development plan "Change With Fairness."

The figure is contained in a document presented last week by the National Planning Department for the consideration of the National Council on Economic and Social Policy (CONPES). It is attributed to the different measures adopted in the area of industrial protection and national labor.

The document is entitled "Situation and Prospects of the Manufacturing Industry" and concludes that industrial growth this year will be 3 percent.

The study makes a detailed analysis of the industrial evolution in the country over the past 3 years and emphasizes that the worst period was between April and June of 1983, but that at the end of the same year, a significant recovery was underway.

The new productive trend came about mainly since July of last year, compared with the period between 1980 and 1983, when there was an industrial decline of 5.7 percent.

The first sectors helped by the economic recovery were nondurable consumer goods such as food, beverages, ready-to-wear, textiles and tobacco.

It is explained that the causes of this industrial recovery are mainly due to the head-on fight waged against smuggling, the replacement of imports and the generation of demand in agricultural activities and construction.

The document also stresses that after the recovery had begun, there was an expansion of sectors producing intermediate goods.

However, less encouraging results are seen in the area of capital goods.

## Growth in Figures

The planning document worked out at the latest CONPES meeting makes a detailed analysis of each of the production sectors, its results and indexes of growth or decline.

With respect to consumer goods, those most helped by the economic recovery, the food sector, which represents 22 percent of all industrial production in the country, enjoyed a noteworthy recovery beginning in April of last year.

There were a number of problems in sugar refining, the making of oils and fats and the processing of livestock feed.

Textiles, also classified among this group of consumer goods, has enjoyed an obvious recovery since September 1983 and the three main companies in the country increased their production last year by 10 percent over 1982.

Wood declined 3.8 percent last year with respect to its real productive value and furniture 15 percent compared with 1982.

In general, the group of intermediate goods, which since 1981 had experienced a negative growth rate, enjoyed a slight recovery at the end of 1983.

A significant case in this production group is iron and steel, which between 1981 and 1983 presented a negative growth rate of 4.3, 7.2 and 6.1 percent respectively.

These intermediate goods also include: consumable expenditures for industry, construction, the agricultural sector, paper and cardboard, plastics, rubber printing and publishing, glass, earthenware, china and porcelain and the chemical industries.

## Capital Goods

The third productive sector: capital goods, registered a strong decline in investments, employment was down 10 percent and there was a sharp drop in production.

The area most hurt was electrical machinery, which dropped 19.32 percent in the second quarter of 1983 compared with the same period of the previous year.

Nonelectrical machinery exhibited a decline in real production of 9.1 percent, while the automotive sector was down 17 percent.

After a sectorial analysis, the document concludes that the market for industrial products in Colombia "has begun to show favorable signs since the second half of 1983."

It adds that based on this recovery, there has been a shift of consumption towards national goods and that construction has begun to generate positive signs.

## FINANCE MINISTER DENIES RUMORS OF LARGE DEVALUATION OF PESO

Bogota EL SIGLO in Spanish 15 May 84 pp 1, 16

[Article by Raul Rodriguez]

[Text] The government repeated again yesterday that there are no plans for a massive devaluation of the peso, thus denying new rumors and stories heard in recent days.

Following a short meeting of the Monetary Board yesterday, Minister of Finance Edgar Gutierrez Castro said that a modification of the current policy of devaluation is totally ruled out, meaning that a moderate rate will be maintained, thus placing the devaluation index this year at between 26 and 28 percent.

The finance minister's statements cleared away fears and anticipation aroused once again by different causes: the new rise in American interest rates, the drop in international reserves, problems with the private foreign debt and banking difficulties.

In addition, Gutierrez Castro said that the government has offered total support for moves of the board of directors of the Bank of Bogota presented to a group of foreign banks for the purpose of extending deadlines for the payment of short-term loans.

The minister of finance has sent a message to the Bankers Trust Company, which heads the group of banks, expressing the government's support for the moves aimed at solving problems of liquidity faced by the Bank of Colombia due to the fact that short-term loans have in turn been turned into medium-term loans for users.

The credits to be extended amount to nearly \$600 million and talks in this direction have been announced by the Bank of Colombia, headed by Ignacio Copete Lizarralde, president. The talks have enjoyed a favorable initial response among the group of foreign banks headed by the Bankers Trust.

In addition, the minister of finance has stated that the rising value of the dollar on international markets affects the Colombian economy and the process of government aimed at overcoming the exchange gap. However, he added that the situation of the American currency is temporary because of the same outside circumstances.

Gutierrez Castro also recognized the harmful effects of the latest increases in interest rates by American banks, which is directly detrimental to the entire Latin American economies, including that of Colombia, to the point that certain nations such as Argentina have made an urgent appeal to the rest of the Latin American nations to form a common front to assume a position on a plague hitting the entire region.

#### Devaluation

Over the past two years and given factors such as devaluation and exchange measures in Venezuela, the higher interest rates on the international money market and the rate at which the value of currencies has fallen, a massive devaluation of the Colombian peso has periodically seemed imminent.

On all occasions, the government has spoken out, either through President Betancur or the minister of finance, denying such rumors and stating that the government will modify the moderate rate of devaluation, aspiring to restore the balance of trade as soon as possible.

Given the importance of the foreign sector as a factor of development, the economic policy has given priority to increasing and recovering exports, which implies a need for greater competitiveness. This can be achieved through an acceleration in the rate of devaluation.

However, this strategy has encountered obstacles such as the higher cost of the dollar on the international market, even though in actual terms, because of the greater devaluation, the competitiveness of Colombian products and services on the foreign market has increased compared with that of the previous two years.

The official exchange rate closed yesterday at 97.17 for the dollar, without any variation compared with the previous week. With this rate of exchange, the index of devaluation so far this year is 9.46 percent, 6.25 percent for the past 90 days and 24.47 percent for the last 12 months.

Guilds in industry, commerce, exporters and the banks have reiterated their support for the policy of devaluation followed and developed by the government, pointing out that a massive devaluation would be harmful to the national economy due to the consequences such a determination would mean.

At yesterday's meeting, the Monetary Board made a rapid analysis of various aspects and it is hoped that at its regular meeting tomorrow, the Board will finally define the formula for the private foreign debt, which has the country's major firms on the edge of their seats.

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## GOVERNMENT UNVEILS EXPORT PLAN THROUGH 1999

Bogota EL ESPECTADOR in Spanish 15 May 84 p 11-A

[Article by Marcela Giraldo and Jose Triana]

[Text] At an economic summit conference held yesterday, the National Government revealed a document of far-reaching importance containing the institutionalization in Colombia of an export plan through 1999, which it submitted for the consideration of 22 private guilds, plus three other documents concerning import policies, Andean integration and border zones.

The important export plan, contained in a 30-page document, was considered as the most important issue of the meeting of the joint foreign trade commission yesterday and will be analyzed in a process of joint talks between the government and the private sector.

In particular, the plan sets priorities for the promotion of exports in order to overcome the deficit in the trade balance and control the drop in nontraditional exports so that by 1986, they may total \$1.75 billion. It establishes 21 instruments to promote sales abroad and defines as priority sectors for the purpose agricultural (shrimp, garlic, cold storage facilities and flowers), industry (graphic arts, metal machinery and chemical products), mining, ready-to-wear garments, spare parts and furniture.

## Working Committees

The representatives of the government and the 22 economic guilds agreed yesterday to set up four working committees, which in turn will have their respective subcommittees, for the purpose of drafting four documents presented by the National Government yesterday. In addition to the establishment of an export plan for Colombia, they will also refer to import policies, Andean integration and border zones.

The first committee, that dealing with the export plan will design and draft recommendations and proposals on the document. The first meeting will be held on Monday at 1500 hours.

Seven private guilds will in turn present their positions in their respective documents (ANDI [National Association of Industrialists], FENALCO [National Federation of Businessmen], ANALTEC [expansion unknown], FEDETEXTIL [Textile



Federation], SAC [Association of Colombian Farmers], AFIDRO [Association of Pharmaceutical Manufacturers] and CONFECAMARAS [Confederation of Chambers of Commerce], while FEDEMETAL [Colombian Metallurgical Federation] announced its paper would be presented soon). These documents will also be analyzed by the working committees.

#### Instruments of Plan

The export plan drafted by the Colombian Foreign Trade Institute and the Export Promotion Fund includes the following instruments aimed at promoting foreign sales:

- 1) ensuring the continued existence of an export mentality through the institutionalization of export plans;
- 2) within those plans, envisioning in a stable, permanent fashion products in great international demand so that the country may obtain comparative advantages, products not linked to the domestic supply situation, meaning products of broad domestic consumption and small local demand;
- 3) promoting exports of agroindustrial projects, mainly of processed food products, for which purpose the export infrastructure should be improved in view of the perishability of such products;
- 4) implementing short-range exports in the mining sector;
- 5) relating the country's imports directly to export plans so as to orient commercial trade toward specific countries and geographic areas;
- 6) publishing the economic advantages which, for export firms, are represented by the tax reimbursement certificate as an instrument for the adjustment of the real and effective exchange rate, in keeping with the orientation of the exchange policy;
- 7) revising the export system so as to coordinate it with sectorial plans and according to products;
- 8) simplifying procedures, requirements, preliminary steps and documents for exports;
- 9) reworking the Vallejo Plan in order to apply it to exports and services, establishing export commitments deriving from investment proposals, simplifying procedures, applying mechanisms to small and medium-size businesses and granting additional incentives for vertical and horizontal integration of exportable production;
- 10) identifying goods suitable for special commercial trade operations and applying such systems to trading in services;
- 11) designing and negotiating export contracts complementing the industrial and commercial policy;

- 12) modifying free zones in order to consolidate them as real export platforms;
- 13) creating a new export mentality through publications, conferences, seminars, forums and sectorial meetings;
- 14) supporting pilot projects creating a new export supply of the agricultural or industrial sector, specifically projects involving shrimp, garlic, sunflower seeds, pineapple, blond tobacco, asparagus, mushrooms, and so on;
- 15) significantly promoting the sale of ready-to-wear and parts and pieces for furniture to the United States;
- 16) designing for export products and sectors actions promoting sales in new geographic areas and seeking greater flexibility in the export supply, taking flowers into account as part of the agricultural sector and in the industrial sector, leather, graphic arts, metal machinery, chemical products and so on;
- 17) selectively promoting commercial participation abroad in special fairs and trade missions;
- 18) promoting transport services to those markets and products considered as having priority in the export plan, giving consideration to problems of ocean shipping to Central America and the Caribbean;
- 19) promoting the export of hotel and tourist services, taking advantage of international bidding, engineering and advisory services and specialized medical services, for which incentives such as CERT will be granted;
- 20) rewriting the order regulating activities of international marketers in order that they might find new markets; and
- 21) designing credit and promotional mechanisms consulting export sectors. Through joint working groups, an attempt will be made to promote exports between producers of raw materials and manufacturers.

#### Concerted Action

Yesterday's meeting began a plan of concerted action on Colombia's foreign policy, a process that could last three months, but that will lead to intense work and a joint effort to see that the country achieves a balance rather than a trade deficit.

Minister of Development Rodrigo Marin Bernal and the director of INCOMEX [Colombian Foreign Trade Institute], Gustavo Tobon Londono, called the meeting very positive inasmuch as the situation generated by official decisions was understood by the private guilds.

Marin Bernal explained that the joint commission will meet again when the respective committees have completed their recommendations.

In response to a question about the concern of private unions over import restrictions, the minister said that "the guilds will have an opportunity on these committees to present their positions and the government will take its position within the existing restrictions."

Tobon Londono said following the meeting that while it is premature to speak of conclusions and that the foundations were laid for concerted action.

He emphasized that the committees will be coordinated by officials from PROEXPO [Export Promotion Fund], INCOMEX, National Planning and the Office of the President. He explained that suggestions will be submitted by the joint commission to the foreign trade board of directors.

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## \$2.2 BILLION ALLOCATED FOR IMPORTATION OF RAW MATERIALS

Bogota EL TIEMPO in Spanish 1 Jun 84 pp 1-A, 8-A

[Text] The government allocated a provisional budget of \$2.2 billion for imports of raw materials, spare parts, supplies and other priority elements for industry and the national agricultural sector for the current year.

The total budget for imports remains at \$3.9 billion. The above figure corresponds to the availability of foreign currency for the purchase abroad of those parts considered indispensable to keep the production system going. This was explained officially yesterday at the end of a meeting of the imports subcommittee. It defines the basic allotment for each sector.

At the same time, the government guaranteed that it will not allow the different production fronts of the country to be paralyzed by the restriction on imports. It announced that licenses for raw materials and supplies that the manufacturing industry requires are being expedited as much as possible by operational committees of INCOMEX [Colombian Foreign Trade Institute].

The president sent a circular to all the state entities yesterday. It instructed them on the need to stress restrictions on official imports except for goods considered essential.

Gustavo Tobon London, director of INCOMEX, stated that the problem the industrialists complain about is not due to delays in the transaction and approval of licenses but adjustment to a process that changed from unrestricted imports to the license system and the country's availability of foreign currency. He asked the businessmen "to avoid apprehension in order to remove a little pressure from exports."

He revealed that the staff at INCOMEX responsible for issuing licenses is being reinforced with the transfer of personnel from provincial offices. The systematization mechanisms are also being expedited.

The businessmen agreed yesterday to expose difficult situations that are the result of the restriction and ban on imports. In some cases, they asked for a year of transition or period of grace to adjust to the new conditions.

Based on the results of the meeting between the government and the private sector, National Planning will draw up a document which will define the final

budget available to finance imports by the private sector. This will be presented in 15 days when the subcommittee meets again. First, each union or industrial or agricultural subsector must send National Planning a document indicating its requested allotment of foreign currency. This will be compared to INCOMEX records to prevent inventory excesses.

The government explained to the private sector the four priority fronts for approval of import licenses. These are raw materials, spare parts, industrial and agricultural supplies and some foods.

Lower priority will be given to other imported goods including medical products, capital assets, intermediate goods and chemicals.

The director of INCOMEX guaranteed the written press a timely supply of paper, chemicals and other indispensable elements for printing newspapers.

One of the National Planning officials revealed: "The budget gives a little to all."

It was explained that the current foreign currency drafts for imports are estimated at \$3.1 billion. The rest of the total \$3.9 billion corresponds to mostly nonreimbursable imports.

Government projections about foreign revenue from exports of goods and services and transfers total approximately \$4.3 billion. It is expected that foreign credit will total \$1.2 billion for the remainder of the year. All these figures must be kept in mind to project what will happen in the foreign sector of the economy and, especially, what will be available for imports, according to the sources.

At the government level, it was commented that a possible frost in coffee production areas which would make foreign prices for this product rise and increase foreign revenue for Colombia will not be a reason to dismantle the import policy. According to the sources, "The experience of the last frost that led to an indiscriminate opening to imports and foreign currency expenditures will not happen again."

The spokesmen for the private sector estimated that Colombia will again have a deficit in its trade balance this year but it will be much lower than last year's due to the export development and the reduction of imports. As of 18 May, the value of exports was \$441 million, an increase of 8 percent.

The parties stated that the import policy does not just apply to this year but should be applicable for the next 2 years.

In the private sector, arguments were heard that there is no economic policy for handling imports, only monetarism. This evaluation was rejected by the official sector.

Facing private predictions of an imminent paralysis of the production system, the minister of economic development stated that the problems that occurred in

some sectors like auto parts and health centers had already been solved. This will be done with all enterprises or subsectors that must use imported supplies.

He repeated that the situation of Sofasa, an assembly plant that stopped activities for a week due to the shortage of auto parts manufactured with imported goods, "is not the government's fault." He revealed that an official from his office has the specific task of reviewing all those requests for vital products while INCOMEX is being restructured and the Imports Council is working hard.

7717

CSO: 3348/445

## TRADE DEFICIT REACHES \$919.6 MILLION; RESERVES \$2.22 BILLION

Bogota EL ESPECTADOR in Spanish 30 May 84 p 10-A

[Text] The deficit in the Colombian trade balance rose to \$919.6 million as of 11 May while the balance of gross foreign reserves was reduced to \$2.22 billion, according to the Bank of the Republic yesterday.

Current revenue for exports of coffee and other products, purchases of gold (net internal sales for industrial uses), oil capital and services and transfers totaled \$1,058,200,000.

Current expenditures for imports, oil to be refined, natural gas and services and transfers reached \$1,977,800,000.

The negative difference, as is seen, is due to higher expenditures. This increases the trade deficit by \$44.7 million compared to the figures supplied on 30 April.

The gross foreign reserves went down \$955.8 million between 31 December 1983 and 11 May 1984. At the end of 1983, the balance was \$3,175,800,000 and it is now \$2,220,000,000.

## Means of Payment

The means of payment, monetary base used as multiplier, decreased to 371,809,000,000 pesos last 12 May after being at 375,431,000,000 pesos on 30 April.

The main financial shares recorded in the system totaled 746,532,000,000 pesos, 56,620,000,000 pesos in bonds of the Bank of the Republic and 30,459,000,000 pesos in bonds of the national government. These total 833,611,000,000 pesos.

The loans and discounts of the Bank of the Republic as of 12 May were about 141.93 billion pesos, the majority--85.74 billion--for the national government.

Other development resources of the issuer totaled 86,284,000,000 pesos, 75,422,000,000 pesos of this in the funds of PROEXPO [Export Promotion Fund] and the sectors of private investment, industrial financial, agricultural-livestock financial, savings and housing, electrical development, business capitalization and livestock.

## FISCAL DEFICIT GROWING AT RATE OF 8 BILLION PESOS MONTHLY

Bogota EL ESPECTADOR in Spanish 24 May 84 p 14-A

[Text] The fiscal deficit of the country is growing at a rate of 8 billion pesos per month. It now totals 97 billion and continues to be fed by the poor behavior of revenue and the growth of expenditures, according to Rodolfo Gonzalez Garcia, comptroller general of the republic.

The acute behavior of the fiscal situation that will reach 100 million pesos according to Minister of Finance Edgar Gutierrez Castro will disappear in 1986, according to the government.

The fiscal deficit on 31 March reached 89,999,000,000 pesos, the result of the difference between the net income and capital resources of 59.09 billion pesos and the total contracted expenditures, 104.44 billion pesos.

According to the comptroller's office, the level of losses is due to the fact that although general expenses have been contained, the effort is insignificant facing the increases in payroll costs and debt service.

## No Budget

In an analysis of the significance of the Public Treasury, the official detailed the connotations of the national economic situation. He asked how the government will respond to new programs like agrarian reform, revitalization and generation of employment after 28 May if there is no budget.

Speaking to students of the Law School of the Free University of Bogota, he criticized the unusual increase in indirect taxes that "mainly affect the middle and lower sectors of the population because, according to the experts, the state is more easily financed by these."

He indicated that time will tell if it is true that distributive justice can be achieved through these indirect taxes which he questioned.

## Exceptional Role

Gonzalez Garcia made an academic explanation about the importance of the Public Treasury. He stated that it plays an important role in the economic development of the country.



He added that the expansionist role of the state as credit and finance intermediary and producer in abandoned sectors has grown, combining monetary power (capacity to issue and direct finances) and fiscal power (capacity to arbitrate the needs of public expenditures).

He stated that there is no democracy without controls. He explained that the Parliament has no meaning if it does not sift through and analyze the implications of the categories when it approves the national budget.

7717

CSO: 3348/445

## BONDS ISSUED IN PESOS TO ASSIST PRIVATE FIRMS WITH DEBT

Bogota EL ESPECTADOR in Spanish 24 May 84 pp 1-A, 9-A

[Article by Marcela Giraldo: "Solution to Foreign Debt"; passages enclosed in slantlines printed in italics]

[Text] Yesterday the national government announced the formula which all the private firms of the country that have problems paying their foreign debt can use. It established the conditions and guarantees for renegotiation of these debts and authorized the conversion of those obligations into pesos.

After more than 4 months of talks, there was a short meeting of the Monetary Council to make the final touches. Then Edgar Gutierrez Castro, minister of finance, announced the terms of this desired formula to help ease the burden of the foreign debt of many private firms in the country.

He was emphatic when explaining that the formula is general, not specific. Also it only covers the \$1.2 billion in medium and long-term foreign debts for expansion and equipping of factories. It does not cover the \$2.4 billion to \$2.6 billion in debts for foreign trade--that is, the responsibilities contracted through commercial letters of credit.

He stated that the total Colombian private foreign debt reaches \$3.8 billion but the formula only covers \$1.2 billion.

After explaining this important decision in detail, he stated that it does not establish parameters or solutions for the renegotiation of the general national debt--that is, the public debt.

In response to the criticisms that the government took too long to find an adequate solution to the enormous private debt, the minister of finance explained that the delay was because they wanted a solution that not only took into account the particular interests of the enterprises involved but also those of the international creditors and the national government itself.

He stated: "A solution to the foreign debt of the country was a delicate matter. The government did not want Colombia's good reputation abroad to be affected by haste in drawing up a formula."

## Supports Statements

In a dialogue with journalists in the press room of the Bank of the Republic, Gutierrez Castro pointed out that the formula (described below) supports the statements outlined by the government since that problem first was discussed.

He said that the formula helps mitigate obligations contracted by various private firms in the past in order to expand their factories and equip them. In other words, they are medium and long-term foreign debts contracted to expand factories.

He explained that the system is based on the conversion into pesos of exchangeable bonds issued by the Bank of the Republic and acquired by international commercial banks. A contract must be signed first between the banks and the indebted enterprises.

He explained that the international increase in interest rates will continue to affect the indebted enterprises in the sense that these increases must be assumed by the exchangeable bonds based on those interest levels.

He noted: "Therefore, the burden that the international increase in interest rates has produced so far will continue to the degree that this increase will be reflected in additional obligations that the intermediary banks must pay at the expense of the indebted enterprises."

## Formula

According to the explanation of the minister of finance, the formula is as follows:

- 1) The Bank of the Republic will sell exchangeable bonds for certificates of exchange to the creditor commercial banks. The due dates will be based strictly on the capital and interest obligations of the indebted private enterprises.
- 2) In turn, the commercial banks will sign agreements with the indebted enterprises that will oblige the intermediary banks to make the conversion into dollars and to pay the respective obligations.
- 3) At the same time, the enterprises involved must cover those obligations to the respective commercial banks in Colombian pesos.
- 4) In other words, the obligation in pesos acquired by the indebted enterprise is equivalent in terms of due date and period of grace to the foreign debt that must be serviced by the intermediary commercial bank.
- 5) The exchangeable bonds that the Bank of the Republic will issue in accord with the Monetary Council resolution will be nominative and nonnegotiable. In other words, these bonds will be issued strictly for the service and payment of the debt of the respective private enterprises.
- 6) These bonds can only be used by the credit establishments that buy them and only with the objective of amortizing the foreign loans granted to private

enterprises in the past which were duly recorded according to the pertinent articles of the Exchange Statute of Decree No. 44 of 1967.

#### Minimal Conditions

In addition to the general parameters above, the Monetary Council resolution also established minimal conditions for the reorganization of service conditions of the foreign debts and the conditions under which the Bank of the Republic will sell the exchangeable bonds to the commercial banks.

The minimal conditions for reorganization of the service on foreign debts are as follows, according to that resolution:

/Term/: There must be a term of 6 years with a period of grace of 3 years. Amortization must be lineal, due quarterly, and interests cannot be higher than those authorized now by the Monetary Council, also payable quarterly.

The sale of the exchangeable bonds to commercial banks by the Bank of the Republic must meet the following conditions:

/Amount/: The amount must be equal to the unpaid part of the foreign credit that will be amortized with those bonds.

The term must be equal to the remaining term of the foreign credit starting with the date on which the certificates of exchange are sold in order to exchange them for exchangeable bonds at the corresponding commercial banks.

/Interest rates/: These will be equal to the rate of the average interest paid on the CDT [Term Deposit Certificates] that the Bank of the Republic calculates weekly but three points higher. In other words, it is the internal interest rate for the internal debt that the commercial banks that acquire the exchangeable bonds must pay in their obligation to the Bank of the Republic.

/Amortization/ of that obligation must be gradual, quarterly, after the sale of the bonds to the respective commercial banks.

When referring to the above conditions, the minister was emphatic about the need for "strict symmetry between the repayment conditions and the obligation in pesos that the commercial banks acquire to the Bank of the Republic. That obligation will also be translated into the commitment of the private enterprise to the bank that acts as intermediary. Those terms will meticulously correspond to the terms of renegotiation of the foreign debt based on the above conditions."

#### Enclose Documents

As part of the detailed explanation of the formula for renegotiation of the foreign debt of private enterprises, Gutierrez Castro also noted that in this resolution the Monetary Council decided on a series of documents that each enterprise involved must enclose.

In order to acquire the exchangeable bonds, the commercial credit establishment that will act as intermediary between the indebted enterprise and the Bank of the Republic must present to the issuer a request with the following documents attached:

First, the certificate from the exchange office verifying that the foreign debt that will be amortized or its extension or renewal is recorded in accord with the conditions of this resolution; and

Second, the contract between the credit establishment and the enterprise that owes the foreign loan being amortized. According to it, the respective credit establishment will be obligated to amortize the corresponding foreign debt, to the account and risk of the debtor, through the gradual redemption of the exchangeable bonds through acquired certificates of exchange that the debtor must pay to the commercial bank in installments in national currency.

At the same time, the credit establishment must pay the Bank of the Republic for the acquisition of those bonds. There will be a small commission of 0.3 percent annually on the balance of the foreign loan.

The minister also pointed out that if the debtor (private enterprise) does not comply with this contract, the intermediary credit establishment can return the unused bonds to the Bank of the Republic for payment. In that case, the credit granted by the Bank of the Republic to the commercial bank for the acquisition of the bonds will be liquidated.

The mentioned resolution also states that the sale of the bonds to the commercial banks by the issuer can only be done before 31 December 1984.

#### Explanations of Formula

After explaining the formula in the resolution, the minister of finance stated that the 3 years of grace for payment of the obligation mean that the devaluation of Colombian currency compared to the U.S. dollar will be frozen during that period.

He emphasized that the indebted enterprises acquire their obligation in Colombian pesos and that the existence of exchangeable bonds will guarantee the conversion of these bonds for the respective sums they require to cover debt capital and interest. The commercial banks that acquire the bonds from the Bank of the Republic convert the foreign currency into national currency.

In response to a question about affecting foreign reserves, the minister stated: "The reserves always function in that sense. They are precisely for paying commitments. Payments for the international commitments of the country come out of the reserves and revenue received for exports goes in. The difference is that this formula improves the grace and amortization periods of these private debts. For that reason, it means significant relief for the indebted enterprises as well as for the country."

He added that after the government establishes this formula, renegotiation of the private foreign debt depends on the negotiations of the respective enterprises with the intermediary banks.

## BRIEFS

**DREDGING CONTRACT WITH PRC**--The governments of Colombia and the PRC signed their first direct contract between the two countries yesterday. It is for dredging Bocas de Ceniza in order to reopen the port of Barranquilla for access by ships of large draft. The 600 million contract was signed by Minister of Public Works Hernan Beltz Peralta and the Latin American representative for the Chinese firm Harbours Engineering Company, Li Zongda. The Chinese ambassador to Colombia attended the ceremony. The dredging will take 4 months. It consists in adapting the existing channel and dredging a new channel along the left bank of Magdalena River. The work will permit easy access by ships to the dock in the Atlantic capital. The new channel will be 6 kilometers long. About 3.5 million cubic meters will be removed. The purchase of signal buoys of the most modern specifications is included. The work will be done by the Hangjun 6001 dredge with a capacity of 6,500 cubic meters. It is self-propelled and has a crew of 62 people and a high rate of yield. The Chinese dredge was built in 1980 by a Japanese firm. It was working in the Gulf of Mexico. Minister Beltz Peralta pointed out that both governments signed their first major contract. [Text] [Bogota EL TIEMPO in Spanish 25 May 84 p 2-A] 7717

**MINI-DEVALUATION OF PESO**--The mini-devaluation of the Colombian peso accelerated last week when the official rate of exchange closed last Friday, 18 May, at 97.66 pesos per dollar, a loss of 49 centavos in 5 days. Yesterday the national currency depreciated 10 centavos compared to the dollar and the accumulation for the present month of May, 22 days, already shows a devaluation of 1.31 pesos. So far in 1984 the peso has depreciated 10.3 percent. In the last 90 days it has gone down 6.2 percent, 27.56 percent in the last 12 months. The official rate of exchange, according to the Bogota market, reached 97.76 per dollar after the second half of this week. During the first week of May, depreciation reached 40 centavos compared to the last day of April. It reached 47 centavos in the second week, 49 centavos in the third and 10 centavos in the first 2 days of this week. [Excerpt] [Bogota EL ESPECTADOR in Spanish 23 May 84 p 9-A] 7717

CSO: 3348/445

## NEW LEFTIST ALLIANCE SEEN FORMING ONLY TO DEFEND NICARAGUA

San Jose LA NACION in Spanish 7 May 84 p 14 A

[Text] The Costa Rican Marxist left groups, comprised of an old electorally insignificant and politically sclerotic core (Popular Vanguard), and small militant groups that do not exceed a few dozen, orbiting around it, are promoting in an atmosphere that they consider propitious a change in the lineup of that political and ideological sector, but with the same records as ever. They believe that, by changing the order of those records and labeling them with unprecedented names ("Patriotic Alliance"), the same gibberish, they can deceive a larger number of "progres" than the few that they already have, and play an efficient role in the defense of Nicaragua's Marxist-Leninist regime, which is the basic point of coincidence that will be required by them of anyone wanting to enlist in that new version of "United People."

This time, at least ostensibly, the initiative has started with the small satellite groups, as we managed to infer from Lafitte Fernandez' analysis published in our issue of yesterday.

But the undertaking is, now more than ever, encountering obstacles that can hardly be surmounted. The left groups, including the main core, are divided and subdivided. The major crisis in the Costa Rican miniscule left has come at a time that is most inappropriate for it. To be considering a unity, and a kind of Stalin style "popular front," at a time when the Communist Party itself has split into two irreconcilable factions, to the point of giving rise to abuse and insults of all kinds among brothers in the cause, seems utopian.

But not only is the main core divided; but the small groups, some of them with only one cell, are as well. The two traditional satellites of the Costa Rican Communist movement, the Socialist Party and the People's Revolutionary Movement, are suffering, as a result of the failure of the previous entente, "United People," a dichotomy in their atomic structure; and we do not know whether it is as deepseated as the one in Popular Vanguard.

The Socialist Party, of academic origin, currently has two different leaderships, that of Deputy Alvaro Montero Mejia, and that of the supposed dissident,

former Deputy Mario Devandas. The People's Revolutionary Movement, personified by Deputy Sergio Erick Ardon, is confronted with deepseated tactical and strategic differences with the faction represented by attorney Otto Castro. Floating amid this backdrop of dissidence now are new groups, the formation of which must be sought in the debris of the last administration. The main instigator of an imaginary unity of the left groups and "progres" is the former security minister in the previous government, Juan Jose Echeverria Brealey, a close friend of the Nicaraguan commanders, owner of prosperous business firms doing business between the two countries and frequent visitor to Castro's Cuba.

The urgent initiative is also supported by political microorganisms the existence of which no one suspected, such as the newly created "Broad Democratic Front," headed by the professor Alfonso Trejos Willie, and by "United People's" perpetual presidential candidate, Rodrigo Gutierrez. Also attracted by the original idea, small Marxist-Christian associations, such as that of the former priest, Javier Solis, have offered their contingent.

To be sure, the lure for the unwary will be the struggle for democracy. Nevertheless, the coincidence of a parallel movement for unofficial defense of the Constitution of the Republic, which is based only on its being violated by President Monge's government, leads to the presumption that this may be an attack on all possible flanks against precisely what the government wants to protect with its proclamation of neutrality.

2909

CSO: 3248/678



## PEASANT OCCUPATION OF FARM LAND CONTINUES IN SOUTHERN REGION

San Jose LA NACION in Spanish 14 May 84 p 4 A

[Text] The southern region of our country is plagued with land invasions, only the largest of which have been publicized, such as those which occurred in Alturas de Coton, Rio Claro, the Las Brisas farm, Abrojos and Ciudad Neily.

Several factors have affected the occurrence of the situation wherein, according to some settlers, besides peasants who do need land in order to work, there are individuals involved who are making a business out of this type of activity.

Residents of Ciudad Neily expressed the view that some of them even have land in various locations, which they "lease" or "sell."

Difficulties have also cropped up when the state wants to expropriate farms, because there have been instances wherein the owners of the invaded areas have not appeared, while others claim to own them, but have no documentation.

As for the underlying cause of the problem, several communal leaders and squatters in the area agree that the economic crisis experienced by Costa Rica has reduced the sources of jobs. This has caused many to risk using less passive methods than seeking assistance, opting to invade land in order to plant on it.

Apart from this, each settlement shows individual features, insofar as the invaders are concerned, discounting those who are doing business with that system.

## Change

The cantons of Corredores, Golfito and Osq have been seriously affected by the sudden change made by the Banana Company of Costa Rica, undertaking to produce African palm instead of bananas. And in the case of Coto Brus, the arrival of a large number of settlers from Balle Central, and nearby sections, seeking better living conditions, has had an effect.

Another factor which, according to its settlers, is negative for achieving complete development of the area is its dependence on San Isidro de El General.

In this connection, the operations director of the Agrarian Development Institute (IDA), Ivan Marin, noted that most of the institutions generating progress for a locality are concentrated in that town.

Although he stressed that this locality is an example for the country, he said: "The action of the national development plan in the southern part of our territory is limited to San Isidro de El General."

In commenting on the dependence that Osa Golfito and Corredores have experienced on the activity generated by the Banana Company of Costa Rica, he explained that it has attracted people from other areas, and even Nicaraguans, who have a different way of thinking; something that has also produced social problems.

He added: "In Coto Brus, on the other hand, a large portion of the population consists of peasants from Valle Central, who are more independent."

But now the majority want to have land available for cultivation.

#### Money

He emphasized that, with the intervention of Jose Manuel Salazar, IDA's executive president, 40 million colones in bonds have been negotiated, to be given to the Executive Union of the Five Southern Cantons (UNESUR), which includes Golfito, Corredores, Osa, Coto Brus and Buenos Aires.

With this money, which has not yet been made available, an attempt will be made to reactivate the programs for technical assistance and construction of local roads.

In this regard, Eduardo Ramirez, a resident of Ciudad Neily and representative of UNESUR, said that they hope for a speedup in its delivery, which was promised some months ago. Of that sum, 10 million colones will be invested in local roads for Coto Brus, and the rest will be distributed among the five municipalities of the region, in accordance with their needs.

He said that this union has developed a housing policy to improve the gloomy picture, but in Corredores there are about 1,000 families without housing, which has made the action difficult. "We are greatly concerned over this situation," commented Ramirez, the present councilman and former municipal president of Corredores.

One of the options that the union has for resolving this phenomenon partially is the establishment of a factory for concentrates, that would generate jobs.

Eduardo stressed: "We need support from the Ministry of Agriculture and Livestock in the agricultural area, and from other agencies, to construct a waterworks that will impound water from the Abrojo spring. Many studies have been made of this, but no action has occurred."

Ana Rugama, communal leader of Ciudad Neily, for her part, commented that the people, without any need for extremist pressure, realize that the land which is not being used currently must be invaded.

Similar problems are also being posed in Coto Brus.

#### Examples

On the Las Brisas farm, in Abrojo, a locality near Ciudad Jeily, there were several squatters who had to leave the site on which they had stayed approximately a year and a half.

At present, some are living in relatives' houses, and those with fewer means, totaling eight families, are in the communal hall in Abrojo, at the request of the Presidential House.

The first vice president of the republic, engineer Alberto Fait, visited them on Sunday, and promised his cooperation. Nevertheless, there is confusion as to the owners of the farm. At first, it was claimed to belong to the Panamanian Casiano Mendieta, who is out of the country; and recently Humberto Romero, president of Isidrena Agriculture-Livestock Inc, claimed that this property is owned by the corporation.

While the case is being analyzed by the penal mayor of Corredores, the squatters are still awaiting a decision.

Meanwhile, in Rio Claro, the families who invaded the farm of the Nicaraguan Henry Dubon in January have already planted rice, yucca and other products.

No decision has yet been made regarding them. Nevertheless, as was stated by the Messrs Jose Luis Mora Campos and Jose Francisco Solis Perez, chairman and secretary of the squatters' committee, respectively, tomorrow, Tuesday, a socioeconomic study of each family will be started by the Joint Social Assistance Institute.

The land invasion in Alturas de Coton, in Coto Brus, has already been partly resolved, with the issuance of a decree for the expropriation of 2,000 hectares, which was turned over to the peasants last Saturday at an assembly which they held in San Vito.

2909

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## BRIEF

RECORD SUGAR, COFFEE HARVESTS--Yesterday, the minister of agriculture and livestock, Francisco Morales Hernandez, announced sugar and coffee harvests constituting a veritable record in the history of these crops in the country. The official said that the sugar processed from the harvest that is about to end will, on the basis of the estimates, amount to 230,000 metric tons, in contrast to the 200,000 produced in 1983. As of yesterday, the harvest showed a result of 215,000 tons. Insofar as coffee is concerned, the estimated crop is 3 million bags, each containing 60 kilograms, as compared with 2.609 million bags harvested last year. The agriculture minister remarked that the price of sugar has declined from \$7.50 per 50-kilogram bag to \$6.00 per bag on the international market. He said that the opposite holds true for coffee: The bean underwent a recovery of \$12.00 per bag, in comparison with last year; and hence it has been quoted at \$118 per bag in the most recent sales for export. With regard to the coffee crop, Morales reiterated what had been reported previously to the effect that it will total 3 million 60-kilogram bags, despite the coffee rust that has affected several coffee-growing sectors of the country since mid-December of last year. He also stressed that there was a 15 percent increase in the production of the bean, which rose from 2.609 million bags (fanegas) in 1983 to 3 million this year; for which reason, just as in the case of sugar, it is regarded as the largest production in the history of both crops. The agriculture minister also commented on the 13 percent increase that has occurred in milk production; because it rose from 300,000 liters per day accrued in 1982 to 337,000 liters last year; and now, for the first 4 months of this year, he noted, the increase in production reveals the aforementioned percentage. [Excerpts] [San Jose LA NACION in Spanish 8 May 84 p 6 A] 2909

CSO: 3248/678

## ALARCON ON U.S. POLICY IN CENTRAL AMERICA

Mexico City EL DIA in Spanish 15 May 84 p 15

[Second part of interview with Viceminister of Foreign Affairs R. Alarcon of Cuba by Patricia Grogg: date and place not given. For the first part of the interview, see FBIS Latin America DAILY REPORT, Vol VI, No 100, 22 May 1984, p Q 1.7]

[Text] EL DIA: Could Cuba participate in a joint action such as the one suggested by France to remove the mines from Nicaraguan ports?

R.A.: Cuba commends the French initiative and is willing to collaborate in any effort to help remove the mines from Nicaraguan ports or to promote actions that will make it impossible to continue that activity. It seems there are still mines in the area of several Nicaraguan ports. The exact number of mines laid by the CIA is unknown. That information is known only to the Americans.

Nor can anyone guarantee that they are not laying new mines right now. A few days ago it was reported that three counterrevolutionaries were treated in a Costa Rican hospital because they had an accident, it seems, when they were going to plant two mines near Bluefields. This leads us to suspect that this activity, despite the scandal and the strong internal opposition in the United States, is probably still under way.

We believe that on this particular topic all the countries of Latin America, all the countries of the Third World, should immediately express their categorical opposition to an activity that could not be more criminal or more harmful to the interests of everybody. This is not something that affects only the country in which the mines are placed. Rather, it is an assault against international trade, an assault against freedom of navigation, and it is an international crime that must be condemned and vigorously rejected.

We think this is a matter which requires concerted, energetic action by our peoples and by the countries of the region.

EL DIA: The United States insists that the Cuban personnel in Nicaragua are military personnel.

R.A.: The bulk of the Cuban personnel collaborating in Nicaragua are civilians. They are teachers, doctors, builders and specialists in various branches of agriculture. They are the type of personnel who, logically, would be needed in a country which, like Nicaragua, with little development, encounters very serious difficulties in building its economy.

The peculiar situation of aggression of external sabotage that Nicaragua is experiencing further highlights the problems it faces in building the foundations of its production.

In regard to military collaboration, we have stated clearly that the number of our personnel is much lower. There are about 200 of them. There is something that I think ought to be emphasized. The United States is attempting to identify the Cuban collaborators who are performing eminently civilian tasks, such as teaching in a school or caring for the ill in a hospital, with something sinister, something that affects security and falls into the military domain.

However, when the Americans, even Kissinger, have to examine the social and economic problems of the region, they are forced to acknowledge and even advocate the justification for civilian collaboration in those countries. Mr Kissinger, a quarter of a century after the Cuban revolution mounted a campaign against illiteracy, recognizes that literacy is urgently needed in Central America and that the only way to achieve it would be through volunteer teachers. He has even urged young Americans to enlist in this kind of activity and proposed, for example, that the peace corps promote sending large numbers of people to help in this educational task. We will see whether this is possible in the United States, whether the American government can mobilize contingents of young people to go teach in the mountains and fields of Central America. Well, by saying this, he is saying precisely that this is perfectly normal, and not only normal but also that Central American conditions require it. That countries like Nicaragua, which is seriously addressing the tasks that Kissinger himself recognizes as essential for solving the problems of economic and social development, are searching for and finding collaboration in countries like Cuba, where there are young people willing to face these tasks and fulfill them.

On the other hand it must be said that at the bottom of this entire campaign is the U.S. interest in trying to cover up its presence in the area. The military advisers acknowledged by them are not the only ones in Honduras and El Salvador. There are many more. Those advisers, according to information revealed in the United States, have increased considerably. They are no longer the 50 or so who were said to be in El Salvador. The latest figures published in the TIMES place their number at over 2,000, counting those who are in Honduras and El Salvador permanently and those who are there for unspecified periods.

Moreover, in addition to those there are tens of thousands who, in practice, are stationed in the area permanently by means of the military maneuvers taking place regularly in one place or another. There are those who are building military landing strips near Honduras' border with El Salvador and Nicaragua. There are those who are carrying out all the military engineering projects that are under way on an intensive basis in Honduran territory. Of course, all this is only the tip of the iceberg, since underneath there are hundreds of CIA agents, intelligence officers and people who are disbursing the increasing credits requested from the Congress by the administration for covert activities.

There, indeed, there are thousands of people who are probably pretending to be businessmen, visitors or tourists, but who are actually the tools of the subversive policy that Washington is carrying out in the area.

I know of no other Central American country, save Nicaragua, where any serious efforts are being made to improve education or health or to develop those countries' economies. The bulk of the activity in the countries around Nicaragua consists of military action, military activity promoted by the United States.

Clearly there is on the other side not only the distinct presence of military advisors and occupying military forces--even more evident in the case of Honduras--but also enormous and increasing participation by agents of American security and armed forces in a major war operation that the United States is conducting in the area.

For our part, the majority of the personnel, a comparably larger majority, are civilians who are carrying out identifiable tasks. Anyone who goes to Nicaragua will be able to observe that there is a massive, serious effort under way to promote popular education. That there is a very praiseworthy effort by the Sandinist government to provide health services to the entire population. That there is a very serious endeavor to develop the economy and to develop various productive sectors with Cuban collaboration. And those collaborators and activities are in plain sight. They are not hidden. Cubans can be seen working, teaching, which is not, according to our information, what is happening on the other side of the border, where there are areas of Honduran territory under the jurisdiction of American soldiers. This has been denounced in the Honduran press and the Honduran Congress. Honduran officials and journalists have been denied passage through most of their country by people wearing American military uniforms.

That is the only change in Honduran territory in recent years. Nicaraguan territory has changed in quite a different way, and Cubans are proud to have participated to a relatively modest extent in that change.

EL DIA: With your many years of experience in the United Nations, how do you analyze President Reagan's directive to combat terrorism inside and outside the United States?



R.A.: If they want to combat terrorism inside and outside the United States, the first step would be to bring Reagan to trial, since he has violated the U.S. Constitution and American laws, specifically the so-called neutrality law. It is truly cynical for the American government to speak on this topic at a time when it has become notorious for promoting state terrorism. That is to say, with all the resources of the American government, they have been carrying out, and are continuing to carry out, an activity that can only be qualified as terrorism. Such is the case with those who are attacking Nicaraguan territory from across the Honduran border, those who are damaging churches, destroying hospitals and schools and murdering workers. This is sabotage, terrorism which is financed, organized and directed by the United States. The American administration is not hiding this activity; on the contrary, at this very moment it is demanding more resources from the Congress in order to continue this same activity.

In recent times the United States has been innovative, having introduced a new kind of international terrorism with the mining of the Nicaraguan ports. This has not occurred since the Yankees themselves mined the port of Haiphong in Viet Nam. At that time there was at least a war, although it, too, was legally, formally undeclared by the U.S. government. Nevertheless, it was a war which, it has been recognized, pitted the Americans against the Vietnamese.

Nicaragua is supposedly a country with which the United States has formal diplomatic relations; a country with which the United States is not at war. Nonetheless, it is evident that, in violation of the American Constitution, the United States is carrying on a war against that country and using, moreover, hidden, covert means and techniques that are typically and classically terrorist.

If there really is any degree of seriousness in this American position, I repeat, they should prosecute Reagan and his collaborators, who are responsible for these activities. The rest is pure propaganda, a public relations maneuver by the United States [against] countries which, for various reasons, are not sympathetic to Washington. It is a vague attempt to distract people's attention from the real center of state terrorism, which is the Reagan administration.

EL DIA: More than a few people are asking with concern what Cuba would do if there finally were direct U.S. military intervention in Central America, either in El Salvador or Nicaragua. Would you like to answer that question?

R.A.: If such a thing occurred, I can assure you that Cuba would be on the side of most of the countries of Latin America and most of the countries of the world, who would firmly reject that intervention. They will condemn it energetically and will form a force of universal political repudiation which will contribute to the American defeat. Cuba would not be isolated in its opposition to intervention.



If the United States intervenes directly in Central America, it is not going to walk in and have a military parade. Instead, it will meet with resistance which, be it in Nicaragua or in El Salvador, will make it impossible for the United States to attain its military objectives. We are certain that the American people, as well as international public opinion, would not tolerate such action.

This is Reagan's great dilemma. He does not want to accept the existence of the Sandinist revolution and he wants to block the victory of the Salvadoran people. But he does not really have the means, through his puppets or through his agents in the area, to defeat the Sandinists or to keep the Salvadoran guerrillas from defeating the genocidal army of San Salvador. The dynamics of American politics is leading Reagan toward increasingly direct intervention; but he knows that this has a political price that will be difficult for him to pay.

12351

CSO: 3248/659

## PSG MEMBERS WRITE HISTORY OF DEPARTMENT

Cayenne LA PRESSE DE GUYANE in French 1 May 84 pp 1, 3

[Text] "History of Regional institution in Guiana:" this could be the subtitle of the important book by Elie Castor, deputy from Guiana, and Georges Othily, president of the regional council, that has just been published by Editions L'Harmattan. "The Guiana Region: 1960-1983" is in fact a contemporary historical document that enables us to follow the evolution of the regional institution over the years and also brings together a number of quotations and textual sources describing the plans and projects that were popular in particular eras. Truly, this labor of research and compilation has established a definitive reference point.

History and reference: those were the very words used by Mr Othily Friday morning when, accompanied by Mr Castor, he presented the work to Guianese journalists. The presentation took place after the work had been introduced to the metropolitan press earlier in the month of April. The authors are both members of the same political organization (the Guianese Socialist Party) [PSG], but they are also similar in their style and treatment of ideas. The two emphasized their unremitting determination, during the writing of the book, to be objective with the facts. One can see, leafing through the book--there has not yet been enough time to give it serious study--that the authors' systematic presentation shows that they succeeded in their intention. Nonetheless, the book does contain critical analysis, but what conclusions the authors reach remain to be seen. Those will be included, according to the authors' epilogue, in a second book that is now going to press.

But what need have we of conclusions here, since we already know the PSG's position on Guiana's status, a position which Mr Othily and Mr Castor certainly share. They noted that they had supported a single assembly and described the risks run by the coexistence of two assemblies on the same territory.

They also made no secret of the fact that their party, which is now "playing the game," has not abandoned that cause, any more than it has abandoned its stand on Guiana's status. It is just a matter of time, in their view...

Technically, the book is divided into two large parts: the first dealing with the development of the concept of the region (and intimately linked with it is the status question), and the second comprising a history of regional figures, the actions taken by each of that assembly's presidents being described in detail. "The Guiana Region" is now available at bookshops in our department.

9516

CSO: 3219/23

PREFECT SPEAKS ON DECENTRALIZATION

Cayenne LA PRESSE DE GUYANE in French 18 Apr 84 pp 1, 4

[Interview with Mr Silberzahn, prefect commissioner of the Republic of Guiana ], by Mrs Sandrine Horth; date and place not specified]

[Excerpts] LA PRESSE DE GUYANE is happy to salute the birth of a new weekly magazine covering audio-visual affairs and local news, a special French Guiana edition of TELE-7-JOURS.

In its first issue, which appeared on 9 April 1984, readers will have noticed--in addition to the listing of radio and television broadcasts--the presence of leisure pages devoted to motion pictures showing in the department, the latest literary and musical editions, as well as many other categories as varied as video, cuisine, games, practical health advice, consumer information...

The new magazine also has a unique, eight-page economic supplement, which in the first issue was devoted to an interview between Mr Silberzahn, prefect commissioner of the republic, and Mrs Sandrine Horth, a journalist on the staff of TELE-7-JOURS.

The piece was entitled, "Supporting Development," and it dealt with the development process in French Guiana and the problems it is currently encountering. We present below some extracts from that interview.

[Question] For nearly 2 years you have been the prefect of French Guiana. What are the most critical problems you have faced?

[Answer] Guiana's biggest problem was and still is the implementation of decentralization, and thus establishment of the institutions involved in it. I was a supporter, I recall, of having only one assembly, because I believe it is difficult--especially for Guiana--to absorb four different levels of administration: the state, the region, the department and the commune...

That being the case, the problem today is that each of these administrative levels must begin to fully shoulder its responsibilities and try not to trespass on the domains of the others. Everyone must play the game faithfully and strictly by the rules. However, it is quite obvious that the system will not face its real test until the law on regional jurisdiction has passed.

[Question] Can the implementation of decentralization help in Guiana's development?

[Answer] Decentralization is first of all the responsibility of the Guianese. They must begin to play an important part in their own development, especially in the economic sense. Decentralization will require all the economic actors to take responsibility for their actions in this field. Guianese must invest in Guiana; there must be personal investment--commitment--and investment of wealth--in other words, private funds! Development is based on a twofold wager.

[Question] The state has to give approval for any housing construction. That approval is not always forthcoming. Why?

[Answer] That is a question of financing. The financing allocated to public housing corresponds to a considerable amount of money. It is true that more is needed. But I would note that over the last 2 years the amount has grown considerably: in a period of scarce resources, when financing for housing declined at the national level, it actually increased in Guiana. I think that the pressure on public housing is at least in part due to the shortage of private housing development--there is not a single major, or even medium-sized, private development under way in Guiana at this time--and of course, above all, to the very significant growth in the population.

[Question] In your opinion, which of the country's economic sectors are most profitable?

[Answer] The biggest money-maker is the fishing sector, including all the products of the sea. That is where Guiana and the Guianese people get the maximum amount of value added and the greatest number of jobs. It is Guiana's most valuable economic asset.

The second is agriculture, in the broad sense of the term, in other words, basically stock raising, rice and industrial forestry, along with which it might be appropriate to add aquaculture. A certain number of these operations are primarily useful because they satisfy the domestic market. I have really adopted the watchword, "food self-sufficiency for Guiana."

[Question] What do you envision for Guiana over the next few years?

[Answer] The future is incontestably wide open. But my concern today is to support development, rather than to force it. The state has decided to offer Guianese the chance to take charge of their own destiny.

Thus, I am not called upon to say how I would like to see Guiana several years down the road. It will be what the Guianese make of it! The state is not going to abscond; it is going to be as supportive as possible. And its representative will be watchful at all times to see that in every domain the law is applied to each individual.

So that its protection will extend over the rights, the freedoms...and the responsibilities of every citizen. Beyond that, but also as a citizen myself, my heartfelt wish is that with every passing day in Guiana the public interest will prevail a little more over the special interests. And above all, that everyone will feel a sense of personal responsibility. Let us never forget that development is something that must always be for the people and by the people.

And the time has come in Guiana to quit looking outside and elsewhere to find the solutions to its own problems.

9516  
CSO: 3219/23

## CURAÇAO PARTIES REACT TO NETHERLANDS CHARGES OF 'SABOTAGE'

Willemstad AMIGOE in Dutch 4 May 84 p 3

[Text] Willemstad--The three large political parties in Curaçao were entirely unanimous this morning in their reactions to accusations by Dutch members of the chamber that Curaçao was sabotaging agreements of the Round Table Conference. Primary candidate of the PNP [

], Maria Liberia-Peters, said she was extremely surprised and, moreover, disappointed, by these remarks. DP [Democratic Party] leader Agustin Diaz said he had enough of those types of remarks, and MAN [New Antilles Movement] Chairman Reintje Martina just as categorically dismissed the accusations made by the Dutch parliament members. From the reactions it was clear that the Second Chamber may count on receiving an official protest against the accusations from Curaçao.

The reactions of the Curaçao parties were provoked by remarks made yesterday by some members of the chamber in the Netherlands. In the periodical consultation with Minister of Antillean Affairs Jan de Koning, they stated they were concerned about the slow progress with respect to Aruba's leaving the Antillean constellation. CDA [Christian Democratic Appeal] spokesman Harry Aarts even went so far as to speak of "sabotage on all levels," especially on the part of Curaçao. The latter was delaying execution of the points of consensus, suggested the CDA member. Minister De Koning himself, moreover, announced yesterday that he saw the resistance to the small Dutch share in the Solidarity Fund as an excuse. De Koning expressed the opinion that the Antilleans used this argument as an alibi for not--or barely--participating in the process of becoming independent. Aarts remarked in this context that Curaçao and the smaller islands don't want to be let loose from the Netherlands at all, and that this is a greater problem than the level of contributions in the Solidarity Fund.

## Disappointed

PNP spokeswoman Liberia-Peters said this morning to AMIGOE that she was especially surprised and disappointed with Aarts' remark because De Koning, during his last visit to Curaçao, had actually admitted that the manner in which an Antilles of Five should function had not been discussed during the

Round Table Conference. At the RTC [Round Table Conference] only the Aruba matter had been discussed and it had been clearly stated that the points of consensus still had to be explored further, according to Liberia.

She pointed out emphatically that, in contrast to the Aruban population which itself opted for a separate status, that of Curaçao had not opted for an Antilles of Five for even one moment. The Curaçao population will first have to be offered the opportunity to make a choice, Liberia thinks. Otherwise the future of people, of an entire population, is being "played with." The fact that the politician Aarts, who calls himself a christian democrat, obviously did not take the interest of a large group of people into account very much, disappointed her even more. When Curaçao is discussed, one seems to forget that 160,000 people live there, she remarked. "Aarts should understand that the politicians were elected by those people to represent their future and their interests. We certainly will do so. If he wants to call that 'sabotage,' then so be it." Liberia added furthermore, in a somewhat sarcastic manner, that even though Dutch was not her native language, she nevertheless did not consider the word 'sabotage' applicable to Curaçao. Aarts would do better to look up the meaning of the word in a dictionary, she thought.

#### Closed Eyes

It looks very much as if the Dutch members of the chamber who some time ago spent 2 weeks in the Antilles walked around here with their eyes closed, said DP leader Agustin Diaz in his turn. The parliament members spoke with politicians, with people in industry and the trade union movement and could see the situation in the Antilles with their own eyes, said Diaz. He found it incomprehensible that after their return to the Netherlands they came out with such remarks. And he had had more than enough of such an attitude. Diaz thought that the remarks of the members of the chamber were clearly aimed at Dutch consumers. And obviously the Antillean side of the story was not at all taken into account. Curaçao did not torpedo anything and it had always made it perfectly clear that it was willing to contribute to the Solidarity Fund but that it would not tolerate the consequences of the Aruban separate status to play tricks on Curaçao.

The DP leader emphasized that that separate status of Aruba is conditional. "It seems as if everyone wants to see the points of consensus as separate points. That is not the case at all. They are indivisibly joined to each other and form one package." If one of those points cannot be carried out, the other points cannot be carried out either according to Diaz. For that matter, he expected the necessary pressure of the Netherlands in that respect and expressed the hope that everyone, both politicians and other bodies or groups, would be able to withstand that pressure.

The Netherlands again and again stresses the Solidarity Fund, he chided, but has neglected other, just as important matters. As an example he quoted the promised Dutch technical aid. For the execution of the points of



consensus, the Netherlands had expressed its willingness to grant technical aid. The annual accounts of the country, which must be ready in order to enable the making of a thorough inventory, require accountants and experts from abroad, thought Diaz. Time is pressing, but in spite of that the aid is not forthcoming.

#### Torpedo

The accusation of sabotage directed at Curaçao was also dismissed by MAN chairman Reintje Martina. If the Dutch members of parliament wanted to do that, then he, in turn, would accuse the Netherlands of torpedoing matters itself. The members of the chamber based their accusations on the fact that the inventory was not yet completed and on the problems with respect to the Solidarity Fund, according to Martina. Martina said that he frankly admitted the incomplete status of the inventory. He thought, however, that that was not a central issue. He thought that the main problem was precisely the Solidarity Fund.

Resistance to the Dutch contribution is not coming only from Curaçao, the MAN politician emphasized. That resistance comes from all the six islands, including Aruba. Therefore it must not be attributed to Curaçao alone. He likewise rejected the accusation that Curaçao was using the Solidarity Fund as an alibi for not becoming independent.

The argument that the Dutch contribution must be kept low in order not to endanger the Antillean autonomy is not considered relevant by Martinez. After all, the contribution could be given on the basis of a type of formula which would make it impossible for the Netherlands to interfere with the internal Antillean government. The development aid proves that that is possible. That is, after all, also a financial aid which is actually greater than the contribution asked from the Netherlands for the fund and in which there is no interference by the Netherlands. Therefore he does not consider the Dutch position with respect to government interference valid.

#### React

The members of the Second Chamber can shortly count on receiving an official reaction from the Curaçao parties. PNP leader Maria Liberia-Peters said she was planning to react directly. Aarts will in any event find another reaction on his desk, said Liberia. Today the PNP will internally start discussing the form of its reaction. The other political parties will very probably be asked to support the reaction and the protest expressed in it against the accusations, concluded Liberia-Peters. An almost identical statement came from the MAN chairman. "Union is strength," he said. Therefore he too preferred a joint reaction to the Netherlands.

8700

CSO: 3214/49

## ECONOMIC POLICY REVIEWED, 'CONFIDENTIAL' REPORT CITED

San Jose LA NACION INTERNACIONAL in Spanish 19-25 Apr 84 pp 18-19

[Article: "War Worsens Nicaraguan Economic Cancer"]

[Text] According to a special report from the Sandinist Government, Nicaragua's situation in 1984 is "extremely difficult" and can be surmounted only "by saving foreign exchange, stagnating and reducing the people's living standard even more."

During the past few days, preparation of Documents of this kind by governmental, private and political institutions has multiplied.

A confidential report, prepared by a group of specialists, draws a pessimistic picture of the economy, "owing to the military and economic aggression," and recommends to the government an increase in prices to the consumer of items ranging from staple foods to gasoline.

According to official reports, Nicaragua suffered losses amounting to over \$1 billion between May 1981 and October 1983 as a result of the anti-Sandinist armed attacks.

In view of this situation, large sectors of the government plan to relaunch the mixed economy, as the only model for surmounting the critical state in which the Sandinist model is submerged.

State regulation has been a failure, in the judgment of international political sectors and experts. The shortage, speculation and hoarding of staple products have begun assuming dramatic features, despite the government's efforts to control the problem.

## Official Report

According to the official report, during recent months the citizens' protests against the shortage of basic consumer items have become widespread.

Some products may be found on the black market, without ration cards, and at far higher prices.

The black market for the dollar has raised the value of that currency from 90 cordobas per unit in December 1983 to 200 cordobas per dollar. The official exchange rate has been kept at 10 cordobas and the legal exchange at 28 per dollar.

During 1983, according to unpublished official reports, the inflation in the consumer's basic market basket was 45 percent, despite the subsidized prices. By 1984, it is estimated that the foregoing index may increase by 13 percent, in view of the need to raise prices to the consumer.

Again, in 1984, the estimated imports (\$940 million worth) will be twice the value of the exports (\$461 million), with "foreign financing that is becoming increasingly difficult, because we cannot pay what was already lent to us by friendly countries between 1980 and 1983 (\$2 billion)," according to the official report.

In a series of documents of a confidential nature, the Economic Council of the Government Junta of Nicaragua and the National Enterprise for Staple Foods (ENABAS) recently stated to the Sandinist Front leadership the serious situation caused by "inflation and the decline in the standard of living in Nicaragua."

In a section entitled "Speculation and Lack of Control of the Economic Policy," the official reports note that, "Speculation with basic consumer products is becoming constantly greater and the existing supply system cannot withstand it."

According to the documents from the National Enterprise for Staple Foods Economic Council, the lack of foreign funds is being covered by issues of money, "which has caused a gradual loss of state control over the Nicaraguan economy."

In addition, they attribute the present situation to "production problems" and to "foreign aggression," which has necessitated a permanent state of emergency on the defensive.

Such data are not usually disseminated in Nicaragua; on the contrary, positive evaluations of the economic growth were offered during 1983.

Official sources admit that the defense item takes 25 percent of the state budget, estimated this year at about 20 billion cordobas (\$2 billion at the official exchange rate).

In 1984, the heightening of "foreign attacks" will force Nicaragua to raise its defense budget, with a greater deterioration in the economic situation.

Some Sandinists think that the worsening of the economic situation in 1984, caused by the war, "will enable the counterrevolution to use these problems for its ideological platform" in the election campaign.

## Adjustment

"Proposal on Price Adjustment, Supplies and Control of the Economy" is the other confidential report released recently on the Nicaraguan economy.

The document states that the 1984 situation is extremely unfavorable, because it estimates that this year exports will total only \$461 million worth, and imports about \$940 million.

It adds that international loans are difficult to procure, not only because of "imperialist pressure," but also "because we cannot pay what was already lent by friendly countries between 1980 and 1983, which amounted to \$2 billion."

Nicaragua has a foreign debt of nearly \$4 billion, \$1.6 billion of which was inherited from the Somoza dictatorship.

Nicaragua's budget for 1984 is \$2 billion.

"In view of this situation, all that remains for us is to save foreign exchange and face a stagnant, declining standard of living," mainly because 1984 is the year of the election campaign.

According to the electoral regulations, the state will finance the effort of the political parties registered for the 4 November elections, with \$6 million appropriated for each one.

The report says that inflation is wreaking havoc on the living standard because, although the workers are being paid a better wage, the economy will continue to deteriorate.

The document advises maintaining the current minimum wage of \$170 in the urban areas, and of \$120 in the rural areas, aided by the state subsidy for staple foods with an expenditure of \$73 million per year.

The report adds: "The military emergency and the production problems have led to a shortage of basic consumer products and to a large budget deficit. Consequently, the inflation in the basic market basket rose from 10 to 45 percent this year."

It adds that there must be an increase in taxes on services, sales, imports and gasoline to reduce the treasury deficit and to curb the widespread inflation. A government source commented that the rise in gasoline prices "is inevitable within the next few days." At present, 4 liters of gasoline are worth the equivalent of \$4.90 and, according to the estimates, it is likely that the new price will be set at \$7.

It was said that this report is already in the hands of the Government Junta, and "will be approved almost in its entirety."

## Widespread

It is a widespread opinion that the main cancer eating at the Sandinist economy is the constant attack by the insurgents on ports, fuel storage places and infrastructural projects.

On 28 March, the newspaper BARRICADA, official organ of the Sandinist National Liberation Front (FSLN), said that, in addition to the losses amounting to \$1 billion caused in 2 years, 100,000 persons had to flee from communities located in the war theaters, particularly in the northern border zone, where the Nicaraguan Democratic Force (FDN) is operating.

The losses include the destruction of farm machinery, tractors, trucks, housing, child care centers and health centers, as well as extensive cultivated areas which have had to be abandoned.

BARRICADA noted that, in the official account, there was no number given of the occurrences of sabotage in recent months against the ports of Corinto and Sandino, on the Pacific coast, and Bluff, on the Atlantic, which were mined by anti-Sandinist commando groups.

## Mixed

In connection with the attempts by some government sectors to promote the mixed economy, other Sandinist groups, which also favor a more forceful and hard political and military line, think that the solution lies in revitalizing the planning and arranging a law that will expropriate the companies existing in Nicaragua.

The proponents of the pragmatic line, backed directly by the Government House, claim to have different reasons for attempting to reactivate the mixed economy or at least to check the growth of the so-called People's Ownership Sector (APP).

According to this important sector, the survival of the Sandinist revolution demands an improvement in the country's economic situation.

During 1983, the trade deficit exceeded \$400 million. The fiscal deficit rose from 6 percent in 1978 to 15 percent in 1983. Concurrently, the state has had to resort to international loans and donations in order to make up 36 percent of a large portion of revenue.

In 1983, 24 percent of the capital invested in industry went to the private sector, and the remaining 76 percent went to the public sector, which offered low rates of economic and social profitability, according to technical sources.

Another reason put forth for the revitalization of the mixed economy is the political need to foster a pact with the business owners and Nicaraguan bourgeoisie, as was decided at the beginning of the revolution, which friendly countries have suggested to the Sandinist leadership.

The relaunching of the mixed economy would take place preferably through small and medium-sized business firms, although the possibility of reaching strategic agreements with large agricultural-livestock industries and foreign investors has not been precluded.

The members of the Higher Council of Private Enterprise (COSEP) have on several occasions expressed their lack of confidence in these plans of the Sandinist government.

Daniel Ortega, coordinator of the Junta, has announced several times the intensification of three major lines of the revolution: political pluralism, nonalignment and mixed economy.

According to political sources, Ortega has started political pluralism; and now he is attempting to develop the mixed economy as a second part of the revolution's openness.

The reinforcement of this system as opposed to a greater state control would definitely mean that the FSLN has opted for the Mexican model of the revolution instead of the Cuban one.

For about 3 months, the technicians from the FSLN's third faction, headed by Daniel Ortega himself, have increased their presence in the government's economic decision-making areas.

Within a short time, the Sandinist assembly will be apprised of a long report on Nicaragua's economic situation.

The Government Junta recently created the Economic Council. The new legal system is judged by Nicaraguan specialists as an attempt to transfer the economic leadership from the Ministry of Planning to the Government House.

The planning minister, Comdr Henry Ruiz, belongs to the Sandinist faction known as Prolonged People's War (GPP), headed by Comdr Tomas Borge, the interior minister.

In the opinion of the Front's technicians, the military and economic blockade to which Nicaragua has been subjected for the past 3 years is preventing its orderly development and the implementation of the Sandinist revolution's plan.

This year, the Nicaraguan economy is reaching an extremely critical level. According to unofficially estimated figures, in 1983 the gross domestic product totaled \$2 billion.

#### Shortages

According to the Nicaraguan technicians, shortages seem to be a never-ending issue. Food for children and medicines, as well as toothpaste or toilet paper are some of the products most difficult to purchase, and for which exorbitant prices must be paid in the business establishments engaged in hoarding.

Despite the strict control and the battle against speculation by the Sandinist Defense Committees (CDS) and the Ministry of Domestic Trade, "the unscrupulous merchants are still up to their old tricks," as the government authorities have admitted.

Long lines may be seen every day in the state supermarkets in Managua, where housewives fail to procure the products that they need.

Even though the government has guaranteed the population supplies of rice, beans, sugar and oil, the purchase of which is made with the card system, most items are purchased only on the free market; and hence the shortages have paved the way for speculation and hoarding.

The dealers reject the charges and accuse the government of having created this situation in order to invest most of the country's foreign exchange in the purchase of weaponry.

Since certain items are not found in district and development marketplaces, the residents of Managua are forced to resort to the Eastern Market in the capital, where they find any goods; which is possible in other places, but at prices that are prohibitive.

The black market and speculation are evoking constant complaints and charges among the capital's residents, who are calling for the enactment of even stricter measures to control the situation.

In this connection, the coordinator of the Government Junta, Comdr Daniel Ortega, recently remarked that those who speculate and hoard "are enemies of the revolution," after stressing that the task of stopping such actions "is incumbent not only on the state, but also on all the people and their organizations."

In response to the people's complaints, Ortega declared: "Action and measures are being planned, to be taken for the purpose of better coping with these difficulties." Nevertheless, government spokesmen have privately admitted the problems involved in resolving that situation.

In the case of toilet paper, for example, the stocks of it will be guaranteed until May, as was announced on 9 April, through an authorization by the Ministry of Industry for the purchase of 391 tons of paper, which is reportedly bound for Nicaragua, coming from Costa Rica and Colombia.

The stock of the item may also be assured for the rest of the year, if there is success in the transactions involving barter and lines of credit that Nicaragua is negotiating with Costa Rica and Spain.

In any event, at a time when Nicaragua is facing the heaviest action of the anti-Sandinist guerrillas, the solution to the problem of shortages does not appear to be easy.

2909

CSO: 3248/665

## MODERATE ECONOMIC GROWTH LINKED TO FOREIGN INVESTMENT

Managua EL NUEVO DIARIO in Spanish 22 May 84 p 5

[Text] Managua (ANN)--Nicaragua's prospects for economic growth in 1984 consist of 2.7 percent, thanks to the steady increase in investments during the past 4 years, despite the world and regional crisis that has deteriorated the economies of the Central American countries.

In 1983, Nicaragua experienced 5 percent growth and, according to a report from the Inter-American Development Bank (IDB), by 1984-86, the country will maintain a "moderate growth," a prediction that it does not make for the rest of the Central American countries.

This rise in the gross domestic product (GDP) has been achieved on the basis of the development or execution of 31 agricultural-livestock and agroindustrial projects, which has allowed for a certain amount of renewed capital formation and expansion in the production sector, despite the war of aggression that the country is suffering on the part of the United States.

As a result of the aggression promoted by the Reagan administration, using thousands of Somozist mercenaries operating from Honduras and Costa Rica, Nicaragua has had material losses amounting to over \$200 million; which in a year represents nearly a third of the country's total exports.

Based on a principle of independent economic development, the Nicaraguan government has given priority to the development of those branches of industry which generate the largest amount of foreign exchange and which make it possible to expand the domestic market, in order to achieve self-sufficiency in food within a short period of time.

Since the victory of the revolution, Nicaragua has opted for a planned economy, although it has been subjected to conditions by a mixed economy and by a heightening of the mercenary attacks, which have prompted the country to declare a "war economy."

The state area accounts for 40 percent of the economy, while the private sector accounts for 60 percent, including medium and small-sized producers.



The government has also proposed for itself the industrialization of natural resources, for the purpose of manufacturing consumer goods that will replace the various products that it has to import now, totaling some \$30 million spent on food and other staple products alone.

Special significance is being attached to the development of livestock raising, the sugar programs and complete rural development, thanks to agrarian reform and the formation of credit and production cooperatives.

The expansion of cotton production (one of the leading export items), and that of tobacco, staple grains and oil, represents other branches of industry being given priority by the revolutionary government.

This year, Nicaragua needs \$700 million to maintain this steady development; and, despite the economic blockade imposed by the United States, West European and Latin American countries, and those of the Socialist bloc, currently appear as alternative sources of financing.

The 31 development projects that are currently being executed represent a sum of \$350 million, and by 1987 the investments will total approximately \$910 million.

Hence, Nicaragua is heading toward a process of independent economic development, fighting against the economic blockade and the counterrevolutionary aggression financed by Washington.

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CSO: 3248/665

## SALARY REFORMS BENEFIT RAILROAD WORKERS

Managua BARRICADA in Spanish 22 May 84 p 5

[Text] Comrade Carlos Borge, of the CST [Sandinist Central Organization of Workers], has stated that the salary agreements which were signed through the traditional method were revised when the terms of the National System for Work Organization and Wages [SNOTS] were applied; adding that, by the end of this month, at least eight more agreements will have been signed.

He said that, last year, with the signing of traditional salary agreements, 17,457 workers were benefited, but that with the signing of the first 18 agreements alone, based on the SNOTS, "we are certain that we have benefited more than three times the number last year," Borge claimed.

He commented: "This means that we are achieving more rapid coverage in the arrangement of salaries," after stressing the work carried out by CST's union leadership on this task, which he described as difficult and complex.

The labor leader clearly declared that no attempt is being made at present to raise salaries, but rather to arrange them in orderly fashion, "assigning each individual according to his ability."

Borge said that the workers themselves must be clearly apprised of this situation, because when it is time to apply the system to them, many jobs will not receive a salary increase, while others may benefit, because in the past they were paid less than the salary that they should have been earning.

As for unions which are not affiliated with workers federations of the National Trade Union Coordinating Board [CSN], Borge explained that, in certain instances, some have become involved in the task of preparing classifiers, etc., but that if they should not be doing this, it will not affect them, because the implementation of the system is on the national level and for everyone.

#### In the Railroad Area

When the Nicaraguan Railroad Workers Union was asked about its experience with this new salary system, Comrade William Salazar commented that a total of 31 jobs associated with the area have been covered.

This sector signed its salary agreement 2 months ago, although some jobs which are not germane to the area, but rather are related to administration and services, including those of the individuals working in the fields of electric power and communications, are still awaiting that signing.

Salazar, who is organizational secretary of the Pedro Altamirano Union, nevertheless criticized the fact that the text in which the methodology to be followed in the discussion was explained to them had been given to them only a week before the meetings began; something that he cited as a shortcoming on the part of the Ministry of Labor.

He said: "We have found many jobs wherein one thing was said, in theory, but there was no consistency, in practice." In connection with the union's experience, he remarked: "So, we have been correcting the classifier who had already been prepared by the company."

Salazar said: "But in the second discussion, we were completely informed of the situation; and for this reason, in four discussions the 31 jobs associated with the area were covered, plus one involving signalling and power technology, which relates to the Nicaraguan Railroad Institute (INFER)." He noted: "The latter was not discussed by the Pedro Altamirano Union, but the leaders agreed to sign them, with the prior warning not to harm the workers included in the 31 jobs."

Those 31 jobs represent between 50 and 60 percent of the railroad's personnel, with the remaining percentage associated with jobs in the areas of transportation, construction, administration, services, metal-machine work, and workers involved in health, communications, electric power and even job security, who would be included in the jobs covered by the Ministry of Labor.

Salazar explained that, out of a total of 1,150 workers, about 850 have been benefited by the application of the system, although not all have been on the same scale.

He cited the example of the railroad track workers, who have historically earned very low salaries but who, with the implementation of the SNOTS, received a considerable increase. On the other hand, he added, there are jobs which have not had such a favorable experience; but Salazar explained that this is not a leveling of salaries, but rather, "each one will be paid for the work that he performs."

In the case of the railroad branch, the implementation of the first phase of the SNOTS includes in the second the ninth salary group of a total of 26 groups comprising the salary schedule; in other words, in the case of the railroads, it is based on salaries which range from 1,980 cordobas to 4,500 cordobas. The status of the female comrades working in kitchens and the services and administration is still to be resolved, noted Salazar, adding that the SNOTS is good, although it has flaws, which are understandable, since this is the first time it has been used. He said: "The lowest jobs are the ones which have benefited most."

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## ASTURIAS HYDROELECTRIC PROJECT OUTLINED

Managua EL NUEVO DIARIO in Spanish 31 May 84 p 5

[Text] For the purpose of making maximum use of the country's natural resources, and to procure energy, thereby reducing dependence on oil imports which are increasing daily in price on the world market, the Nicaraguan Institute of Energy [INE] is constantly investigating and planning the utilization of the hydroelectric potential. Based on that policy, the Asturias Hydroelectric Project is in the construction phase:

## Location

This project is located in the Department of Jinotega, about 25 kilometers northeast of the town of the same name, and will increase the volume of flow that can be obtained from Lake Apanas, by impounding water from the two adjacent basins and then pumping it to the same lake. This will make it possible to increase the flow to the two existing hydroelectric plants. The Central America Plant and the Carlos Fonseca Plant will raise their electric power production considerably, displacing power being produced currently by the thermal plants, at the expense of oil; something that will result in major economic benefits for the country.

## Most Important Features

The project has three separate work areas: El Dorado (dam, diversion tunnel and spillway), El Quebradon (diversion and adduction), and Mancotal (pumping plant).

Two basins: that of the Tuma River on the El Dorado site, and that of the El Quebradon River, will add a volume of about 90 million cubic meters of water per year.

## Benefits

The net increment in generation at the two aforementioned hydroelectric plants will be 84 million kWh per year; representing an approximate displacement of 160,000 barrels of oil, which is equivalent to a savings of foreign exchange amounting to about \$5 million per year.

## Financing and Execution

This project will be financed 74 percent by the Inter-American Development Bank (IDB) and the complementary 26 percent will be financed with funds in local currency. The Executing Unit for the project will be situated in INE's Hydroelectric Projects Department, with advice from the consulting firm Shawinigan Engineering Company, Ltd, of Canada.

The Asturias hydroelectric project will go into operation in July 1986.

## Contract for Construction Work Will Be Signed

On 1 June of this year, the Nicaraguan Institute of Energy will sign the construction work contract with the Mexican-Nicaraguan Associated Civil Engineers Consortium (ICA-LLANSA).

The ceremony for signing the contract involving approximately \$23 million will be chaired by ICA's proxy, Mr Victor Azcona, and by the Comrade Minister of INE, engineer Emilio Rappaccioli, who will sign this contract. Also in attendance will be officials from the Mexican Embassy in our country, and representatives of the Inter-American Development Bank (IBD), ICA-LLANSA, the International Fund for Reconstruction and INE.

## Progress of the Project

At present, progress has been made on the following jobs:

Completion of the first section of access to the Asturias site, from San Jose to El Dorado;

Beginning of the second section of access, from Quebradon to El Dorado;

Termination of the construction on the distribution line, which will supply power during the execution of the project.

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## GOVERNMENT PROMOTES REGIONAL, INSTITUTIONAL TRUCK GARDENS

Managua EL NUEVO DIARIO in Spanish 25 May 84 p 5

[Text] In yet another effort, the revolutionary government is sponsoring the Popular Mobilization Program for Self-Sufficiency in Food.

This program, which is a part of the National Food Program (PAN), is designed to develop the production of garden vegetable crops (greens) and fruits, in staggered fashion throughout the year, as a supplement to the national truck gardening production.

To this end, regional garden crop production plans are being promoted through irrigation in nontraditional seasons, so as to have harvests in the periods of shortage. Therefore the project is supplementary in nature and not a substitute for truck gardening production.

In coordinating the program, the PAN has the task of involving all political, social and productive bodies and obtaining their commitment to guarantee the proper functioning of the food chain.

To achieve these goals, three lines of action, calling for the establishment of regional, institutional and family kitchen gardens, have been set forth.

## Regional Gardens

Production from regional gardens has priority, and the Ministry of Agricultural, Cattle Development and Agrarian Reform has made studies in the various regions and special zones to establish the areas best suited for the fruit and vegetable crops.

In the special regions and zones, plots ranging from 20 to 60 manzanas characterized by agroecological conditions suited to the establishment of irrigation systems have been selected.

Production goals for self-sufficiency in these products, especially in the season of shortage, have been set for each region. Also the regional planting plans have been drafted with a view to developing the production of crops suited to the conditions in the region.

Concerning the marketing mechanisms, discussions will be held in the various regions based on production and marketing costs.

This regional self-sufficiency program will greatly aid the working people, since it will provide the population with perishable products at accessible prices and on a regular basis.

#### Institutional Gardens

Within this line of action, the program calls for institutional garden plots at work centers, hospitals, military units, schools, etc. Those institutions which have land suitable for the production of garden vegetables and fruit will be incorporated in the plan in gradual and organized fashion.

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CSO: 3248/674

## BRIEFS

WHEAT DONATIONS--Corinto--A total of 10,861 tons of wheat arrived in the port of Corinto yesterday from Canada, as evidence of solidarity on the part of the flour dealers in that country with the people of Nicaragua. The wheat arrived on board the Soviet vessel Kovrov, and is now being unloaded by National Enterprise for Staple Foods (ENABAS) workers. The shipment will then be distributed to various zones in the country. The Congress of Canadian women sent a substantial gift to the Luisa Amanda Espinoza Association of Nicaraguan Women (AMNLAE), including a typewriter, four cases of clothing for children, and office supplies. These items, which were also transported by this Soviet vessel, were turned over by its captain, Vladimir Yakunchitov, to Josefina Ulloa, of the regional AMNLAE office. Among other gifts of wheat, 20,000 tons have arrived in Corinto as a gift to the people of Nicaragua from the Soviet Union and France. The governments of these countries donated 10,000 tons each, and the approximate cost of these new donations was \$2 million. [By Felix Thomas] [Text] [Managua EL NUEVO DIARIO in Spanish 25 May 84 p 10] 5157

CSO: 3248/674



## JAIME LUSINCHI'S FIRST 100 DAYS IN OFFICE ANALYZED

## Administration's Relations With AD

Caracas EL NACIONAL in Spanish 22 May 84 p D-1

[Text] Party-government relations have always been a headache for the two leading Venezuelan political groups. This problem has become exacerbated during recent years owing to the serious difficulties confronting the country and, essentially, the lack of a formal instrument to regulate those relations, both in Democratic Action [AD] and COPEI [Social Christian Party].

The aloofness between President Luis Herrera Campins and the national leadership of the Social Christian Party is no secret to anyone, particularly since the internal victory of the Calderist movement headed by Eduardo Fernandez. Now, only 100 days into the current administration, problems have already started to crop up between President Jaime Lusinchi's government and the white party's CEN [National Executive Committee].

We do not consider it worthwhile to concern ourselves with the past and review the many clashes of the past 5 years. Nevertheless, as examples, we give a reminder of the position of the COPEI national director opposing certain policies (dropping of price restrictions and devaluation of the currency), and the requests for resignations of high-ranking public officials (the instances of the president of the CVF [Venezuelan Corporation for Development], Rosario Garcia Serrano, and the president of the Central Bank, Leopoldo Diaz Bruzual).

The difficulties between AD and Lusinchi started before the latter took office, and originated in the formation of the government team. There were serious problems when the AD top echelon rejected the candidacy of Senator Alejandro Izaguirre for the post of minister of interior, and when all the AD sectional secretaries general were eliminated as candidates for the governor's positions in their respective regions.

Perhaps many of the current problems may be explained by the situation which arose before the new government took office. For example, the differences between the members of the AD "small core" regarding the distribution of high-ranking positions had political repercussions, because the news media echoed the matter.

On that occasion, there were conflicting aspirations and candidacies. For example, President Lusinchi originally considered assigning Reinaldo Leandro Mora to the Foreign Ministry, but the latter preferred to keep the presidency of the National Congress, a post to which Octavio Lepage also aspired. Whereas Alejandro Izaguirre, who was backed by Gonzalo Barrios to occupy the Interior Ministry, was definitively rejected when Lepage opted for the same position, having found himself outstripped by Leandro Mora in his ambition to head the Congress. Then Izaguirre did not accept the Ministry of Justice which was offered to him at the last minute, and chose to remain in the Senate of the Republic. As irrefutable evidence of the dissatisfaction at the party's top echelon, there was a statement from Barrios in which he publicly claimed that he would like to have seen Izaguirre in the office at the corner of Carmelitas.

The measure adopted by the CEN against the sectional secretaries general had a twofold origin. In the first place, President Lusinchi was faced with the aspirations of 17 regional AD leaders who wanted governorships, and, since it was impossible to please all of them, he opted not to appoint any of them. Secondly, authorized spokesmen for the AD national leadership told the reporter that this measure had been adopted to prevent the new interior minister from setting up a veritable campaign command for his 1988 presidential ambitions, using governors of the federal entities.

The fact is that many of the initial party-government difficulties originate in the selection of the team to accompany President Jaime Lusinchi.

#### The CEN's Complaints

For several weeks criticism has been plotted among members of the AD national leadership against certain policies and particular members of the government.

The greatest criticism has arisen regarding the new policy on meat prices, the acknowledgment of the foreign private debt with preferential dollars and the slowness in implementing compensatory measures on behalf of Venezuelan workers.

Concurrently with the CEN, criticism has been thriving within the labor movement. CTV [Confederation of Venezuelan Workers], the majority of which is controlled by the AD members, directed its batteries against Minister Hector Hurtado, for his position concerning the bill on costs, prices and wages, and against the new meat prices.

The AD union high command (headed by Manuel Penalver, Antonio Rios and Juan Jose Delpino) also made a statement to President Lusinchi, protesting over the persecution started by the Health Ministry against the popular Caracas chicha vendors. The head of state approved of their complaint and assured them that he would call upon Minister Luis Manuel Manzanilla to concern himself with the major health problems and leave the chicha vendors in peace.

The main complaints of the AD high command are aimed against the economic team, the Ministry of Information and Tourism and the Foreign Ministry.

With the sole exception of Carlos Rafael Silva, who is regarded as an expert on the subject, the other members of the economic cabinet are receiving constant complaints in private. The AD leadership has stated that "the economic area is not directed by economists," claiming that high-ranking government officials in that sector are not economists. Hurtado is recognized as "the best bureaucrat in the party," because he has had experience in CORDIPLAN [Office of Coordination and Planning], and the Investment and Housing Fund, but they object to his possibly directing the ministry for industrial development and price control during this new phase for the country.

The criticism of the progress in the talks regarding the foreign debt and the operation of the Finance Ministry in general is occurring daily. An authorized CEN spokesman admitted to us recently that in the Finance Ministry they do not even realize that the economic plans must originate in the Chamber of Deputies; because a bill of this kind was recently introduced by the Senate of the Republic.

The information and tourism team has virtually no sympathizers in the CEN. There has been a hail of criticism from it of the government's non-existent information policy. A member of the "small core" told the reporter that, up until now, the only accomplishment that this office could show was its battle against the ONTEJ [National Organization of Student and Youth Tourism]. This issue has certainly created a great deal of uneasiness in the white party, because a strong AD university group headed by Ernesto Diaz Montes, former vice rector of the UCV [Central University of Venezuela], has defended the aforementioned student tourism organization at all costs.

Finally, the last round in the party-government fight has as its stage the Ministry of Foreign Affairs. Foreign Minister Isidro Morales Paul has received private criticism from some members of the AD "small core" (former President Carlos Andres Perez and Senator Reinaldo Leandro Mora, among others), because of what they describe as a lack of daring in foreign policy, particularly regarding the role that Venezuela should play in the Contadora Group and in the entire Central American problem; as well as for the slowness with which personnel changes are taking place in the Venezuelan foreign service.

To be sure, the criticism has now become public, on the occasion of Venezuela's non-adherence to the document signed by the presidents of Argentina, Brazil, Colombia and Mexico concerning the increase in interest by the international banks and the calling of a regional financial summit meeting. Yesterday, many AD leaders did not put much credence in the government's explanations to the effect that the Latin American presidential declaration had not been signed because the comments made in it at the last minute were not acceptable to Venezuela. This theory was rejected by the statements which appeared in EL NACIONAL, made by Ministers Manuel Azpurua and Carlos Rafael Silva, to the effect that "Venezuela should renegotiate directly and not in a bloc with Latin America."

In conclusion, our informants noted that the party-government differences that are cropping up will become worse in the future, because they have as a backdrop the ambitions and the battle proposed from now on by AD's presidential candidacy in 1988.

#### Carlos Andres Perez' Views

Caracas EL NACIONAL in Spanish 22 May 84 p D-14

[Interview with former President Carlos Andres Perez by Elena Block, on 22 May 84; location not specified]

[Text] Carlos Andres Perez is not satisfied with the first 100 days of Jaime Lusinchi's government, although he is convinced that his party colleague will surmount the difficult situation in which he found the country, with the view that he could have done "a little more." For example, he thinks that there could have been a final termination of RECADI [Exchange Rate Differential System] and its defects, and the creation of a new agency. He also favors elimination of the 4.30 dollar.

It is no secret to anyone that some differences have arisen during the past few days between AD and the government, although Perez denies this.

One case that has been aired publicly is that of the joint communique from Argentina, Brazil, Mexico and Colombia on the foreign debt. Both Gonzalo Barrios and Perez himself thought that the Venezuelan Government should have signed that document. The former Social Democratic president said that it had worried him that Jaime Lusinchi would not have his country included among the convoking nations and thus it would not go down in history.

"I still think that it was a mistake. But I am gratified that the Venezuelan communique adheres fully to this decision which, as I say, marks a fundamental milestone in the history of Latin America and its relations with the developed countries."

Of course the Democratic Action leader was invited to attend the summit of former presidents in Yugoslavia this week, where they would also discuss the economic problem. He explained that he had not attended because of the Venezuelan municipal elections, claiming that no one would have forgiven his absence during the past few days; not because AD would not win, because he is convinced that his party "will have a sweep" again, but rather because his presence is important.

#### I Am Pleased That They are Discussing My Candidacy in '88

When he talked with us yesterday, Carlos Andres Perez did not preclude the possibility of his reelection to the presidency of the republic in 1988. He said that he "was pleased" that they have mentioned it, because this indicates that he is a current, active politician. But, at the same time, he claims not to be considering that at present, stating that it would be a mistake, when there are so many problems in the country.

We comment: "From your attitude and that of Rafael Caldera, it would appear that the two of you are in a campaign for 1988."

"Don't get me wrong. I am a fulltime politician. No one has ever seen me wearing slippers. They have always seen me in the front line of battle, because that is my commitment and my obligation to Venezuela. I was president; I had the good fortune of being one. But I was not born to be president, nor was the AD party founded so that I would be president, every once in awhile, as seems to be the case with the other one and his party. But, on the other hand, it would be lacking in a sense of perspective and my own responsibility if I were to be thinking at this time whether or not I am going to be a candidate in 1988. What concerns me is today's problems, how to deal with them, how to solve them and how to cooperate with the government."

[Question] But many people are mentioning your name. Does that please you?

[Answer] But of course they are mentioning it. I am pleased in the sense that people know that I am an effective person, that I am a leader with great popular acceptance. But from now on, there is nothing. Let's wait until the time comes. I am a fulltime politician and a man ready to assume the responsibility that is incumbent on me. But I don't believe in predestination.

[Question] And what if Caldera starts out against you, and is a candidate?

Perez exclaimed: "What would surprise me would be if he did not!"

He later claimed to be satisfied with the prestige that he has, saying that it is his ambition to go down in the history of Venezuela. He thinks that he has already started to, and wants to enter "even more into it."

#### I Don't Agree With the Consensus for the Secretary General's Office

He was asked about the precipitation of the internal battle within AD over the secretary general's office in his party. He regretted that this happened, because he thinks that they should have waited awhile, until the government was progressing with complete normality.

But he noted that, if this situation has already been caused, the most advisable thing would be to accept it and try to shorten the process. He reiterated his intention of setting the rules to govern the internal debate. He thinks that this set of regulations should relate to the conduct of the party's executive agencies, the tours inside the country and everything aimed at ensuring internal harmony.

A comment was made to him regarding the aspiration of Manuel Penalver, who has claimed to have all the trade union bureau and over 20,000 leaders with contingents on his side.

[Question] How does the government stand with an embattled party?

[Answer] I don't think that AD is embattled; and it is a responsibility of us leaders to prevent AD from becoming embattled.

[Question] Do you favor the consensus? It appears that there will be competition.

[Answer] I do not favor consensus. I have not been a proponent of consensus, and during the last internal electoral process I might almost have been the wet blanket, the one who prevented our arriving at elections through consensus.

He noted that he is not an advocate because, with confrontations, the parties acquire vitality and, under normal circumstances, it is most logical for fighting to occur, because it is a stimulant.

"Furthermore, there is no question that no one in a political organization can feel that he is benefited by the absolute sympathies of the organization. There are those who hold a match to one, and hold it to another and another. And it is a good thing, because this fosters the presence of the leaders in the internal contest. So, for this reason, consensus is not feasible."

What he does not doubt is that there is a total understanding that Gonzalo Barrios is to be president of the party again.

He added that it is only normal for Manuel Penalver to launch himself, and for Alejandro Izaguirre to have aspirations with "merits for being reelected," as well as David Morales Bello with "ouststanding merits," Carlos Canache Mata, Humberto Celi, Marco Tulio Bruni Celli and others.

"I have never prayed at the altar of non-reelection. I have always believed that this is a possibility. I am extremely candid, and by this I am not launching a tiny bit of support for my possible reelection as president of the republic; I am extremely consistent with my thinking."

#### I Am Not Satisfied

When asked about Jaime Lusinchi's 100 days of government, former President Perez said that the whole country understands what has been happening, and the condition in which the present head of state received the country from COPEI. He thinks that the Herrera administration was a disaster, because the process of national economic development came to a standstill. He said that Lusinchi would have to devote 1984 to the reactivation of the economy, and that this startup is not being sensed because there are too many problems and difficulties.

He remarked that, for example, it will take 10 years for Venezuela to be able to recover the per capita income that it had in 1978.

He commented: "President Lusinchi must devote himself to reconstructing and recovering what the country achieved during my administration."

[Question] Are you satisfied with what has been done?

[Answer] I cannot feel satisfied, because there is so much anxiety, and with the difficulties that we confront, one always thinks that a little more could have been done.

He gave as an example the fact that he has always been anxious about the status of RECADI, claiming that this agency, so essential to the country's supplies, is not producing what it should be producing, and that it will have to be eliminated. He thinks that the president of the republic should have the same concern.

He holds the opinion that another agency should have been created, but without the defects and vestiges left by the previous administration. But it has been impossible to destroy RECADI, and "it is always difficult to straighten out something that has begun badly."

"I think that the experience will prompt the government and the president to make the necessary reforms."

He also said that the 4.30 dollar should have been eliminated, and that he had told the president this at Miraflores. But a contrary position won. He remarked: "I think that, in the end, they will reach the conclusion that the 4.30 dollar will have to be forgotten forever."

#### I Am Invulnerable to Corruption Problems

Perez denied that the peak of administrative corruption began in his government, responding to a question from us. He said that, on the contrary, he had started to expose the cases and request investigations, unlike previous governments.

He gave a reminder that the Herrera government had engaged in the "Sierra Nevada" affair, which was a serious mistake and an assault upon democracy. "It failed because it had to fail, because I am invulnerable to corruption problems and my popularity was intensified, rather, with that scandal."

#### Lusinchi's Popularity Surveyed

Caracas ZETA in Spanish 23 May 84 pp 30-32

[Article by Matilde Arcangel: "Jaime's 100 Days"]

[Text] During these first 100 days, the reputation of the honorable president whom everyone calls Jaime is being maintained with a good heightening of popularity. Many question certain measures, but in general, although their scope is not understood, they are backed by the prestige of an austere chief executive who has not yet been touched by arrogance from power.



The problem of the immense public debt, together with its refinancing, high unemployment rates and inflated costs are a public concern; although everyone thinks that they will be correctable areas.

The sore spot, causing irritation, is public services. If no improvement is shown in this sector, there would be an erosion in the government's popularity. All those polls, without exception, expressed the view that political ambitions must take a secondary place, so that the collective effort may compensate for the existing shortcomings.

Although it is expected that the cabinet will give priority to the policy on supply and agriculture in general, the oil problems still continue to have an impact on the public's attention.

During the first 100 days of the government headed by Dr Jaime Lusinchi, there have been great expectations regarding the government's future, and different sectors have expressed their opinions on the regime's actions. The 100 days were critical for the government headed by Napoleon, between his landing in Marseilles arriving from his exile on the island of Elba and the battle of Waterloo which took place near Brussels. Since then, it has been thought that 100 days is a short period, but one that makes it possible to put forth some judgment concerning the future.

During these first 100 days, the reputation of the president whom everyone still calls Jaime has remained steadfast, and his position of permanent dialog and of reconciliation in his speeches, which nevertheless reflect firmness, has helped to spread confidence. Decisions have started to be made, although they have not turned into the desired movement, owing to the slowness of a bureaucracy that has become stiffened in the administrative system.

Probes carried out by ZETA show that there is an attitude of complete confidence in the president's efficiency, and this was confirmed by many individuals who were questioned.

The problem of the public debt has been estimated with more or less accurate figures, but its refinancing is not clear. This factor is cause for concern, particularly on the business and banking levels. In this regard, it is considered that various factors have had an influence. The international banks want to reduce Venezuela, and there is the aggravating circumstance that the country may be downgraded from its privileged position within the context of countries with the largest per capita income to a secondary status. Moreover, the International Monetary Fund wants to make sure of guarantees for the payments, and wishes to introduce cutbacks to achieve savings. Only if they view it from the standpoint of their interests, and a cutback in spending, without the proper programing, would bring about economic shrinkage.

The heightening of police vigilance has been obvious, and the coordination of the battle against drug trafficking has made itself felt.



The poll disclosed that the peace that exists among the monetary authorities is being sensed among the public. The Central Bank is consulting and listening, and the finance minister is not at odds with the banking authorities. Both agencies uphold their areas of responsibility and cooperate. However, underlying this there is uneasiness over something else, namely, the issue of currency. The dollar is overvalued, partly because of a distrust generated by the last regime, following the first contradictions regarding the financial policy.

As for services, they continue to be deficient. CANTV [National Telephone Company of Venezuela], IMAU [expansion unknown], INOS [National Institute of Sanitation Works] and IPOSTEL [expansion unknown] are some of the decentralized entities which the government intends to restructure after making a diagnosis.

Transportation and Communications, as a key ministry for a group of services, is being subjected to revision. For the present, VIASA [Venezuelan International Aviation], within its area of influence, has already submitted its self-analysis.

In the energy and mining area, there was an increase in the price of gasoline, much of which is going to the treasury. People are by now used to it, but users will protest when the hike in transportation costs comes, and some of the taxi drivers' displeasure will disappear with this measure.

One of the measures that has caused the greatest displeasure is that for an increase in meat prices. The minister of agriculture claimed to agree, as did his colleagues in the cabinet. As for the people, they do not agree, despite the explanations regarding the smuggling of livestock to Colombia after the devaluation of the bolivar. In any event, the measure was sudden, insofar as the differences made in prices were concerned.

The international policy is receiving criticism. One might wonder whether it is not unfair to a large extent. Venezuela, with the foreign debt, the reduction in its importing capacity and the decline in per capita income, has found its credit decreasing, not only as a payer country, but also through displacement as a leading country in the hemisphere.

Hence, in the public's view there are critical areas and balanced areas. The services sector and of course the social problem are viewed as critical.

#### Business Owners and Workers

In all democratic systems there are visible confrontations, and at present there are obvious differences between the business-owning group, under the leadership of FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry], and the labor unions, under the hegemony of CTV. Within the cabinet, Luis Matos Azocar is heading a policy based on social interest and balanced growth, while others think that, although they agree with the Law on Costs Price and Wages, this should not mean lack of investment. This argument

has been conveyed to the public, and some appear to be polarized around CTV, while others are around the business owners. Essentially, some of this issue has been inherited by Matos Azocar.

The dilemma of the economic cabinet during the next 100 days will be how to make all sectors participants in the solution to the crisis, without making most of the burden fall on the workers or having productivity reduced.

There has been serious criticism of unemployment. The measures to incorporate a 10 percent increment in the payrolls of companies have worked halfway. Furthermore, the government sector is overpopulated with employees, and they cannot be dismissed without causing more unemployment.

As for the economic measures, everyone is in agreement that the austerity cut 20 million bolivares, but these measures cannot be carried out indefinitely, because that would cause an economic shrinkage.

The struggle for leadership has overshadowed the parties' activities, but when it is the party that holds the power, these vicissitudes are reflected in weak action by those in command. The struggle for the candidacies has obviously been premature. The leaders Carlos Canache Mata, Octavio Lepage and David Morales Bello have aspirations for 1988. President Lusinchi has had a conciliatory, cautious attitude in this respect, intervening only to soothe spirits. He has been firm in backing the battle for labor demands, and in this regard the unions and their leaders have retrieved power. Antonio Rios and Manuel Penalver unconditionally support the president's position and prestige, and of course this attitude has gained him majorities and backing. Hence, the president's effort has been positive on the basis of an assessment of the labor policy. The social pact and the sensitivity that has been shown, even from offices such as CORDIPLAN, which was the center of confidential, strictly quantified plans with the sole purpose of productivity, are evidence that in the opinion of Lusinchi, in particular, there can be no development without social justice.

#### Assessment of the Situation

The priority problem continues to be the rise in the cost of living and the refinancing of the public debt. With the devaluation of the bolivar, the foreign debt increased to \$37 billion. The demands of the Monetary Fund worsen the foreign debt picture, but from a positive standpoint it may be claimed that the international reserves have risen to \$12 billion.

The public is attentive to the notion that the president may lead a common front movement to submit alternatives to the International Monetary Fund's demands. Generally speaking, it seems receptive to foreign investments, provided they fill gaps in the production area, but not to take the place of domestic capital. The backing for the position that the government may assume in dealing with the hike in interest and the shortening of the term of the debt imposed by the debtors is total and positive.

The energy policy, directed by the minister of energy and mines, Arturo Hernandez Grisanti, has been viewed favorably to a high degree. The statements on the oil situation brought by this official upon his return from Vienna have cleared up many doubts in this connection. His assertions regarding the rise in demand for crude, attributable largely to the recovery of the industrialized economies, and his subsequent explanation that this does not mean another oil boom such as the one which occurred between 1979 and 1981, were received positively. The reason is obvious: The people want truths, and not false promises. It has been noted that love for the truth is starting to become rooted in prestige.

With regard to services, the protest is total. Rapid solutions are being called for in areas filled with confusion, resulting from a long-standing chaos, but one which the critics hope will be corrected. The widespread outcry is that water, light, telephone, mail and other services must be improved as quickly as possible.

Unemployment, as another sore spot, was not blamed on any official in particular; it is known to date back for years. But there is uneasiness over its indexes and desires that it be combated on all levels. The agreements between the government and the business owners require overseeing, for their total fulfillment, according to the widespread view.

Information was another point vulnerable to criticism. The majority were of the opinion that the minister of information and tourism can and should provide more information and that, fortunately, the president himself has compensated for the vacuum which existed in this area.

The opinions were encouraging for the government, but warned that a honeymoon cannot last forever.

ZETA's research work was carried out by 10 individuals from the staff who interviewed 30 passersby apiece in the following areas: Caricuao, Plaza Bolivar, Tamanaco Downtown Shopping City, Coche, La Pastora, San Martin, La Vega, El Marques, Petare and 23 de Enero. The only response asked of those interviewed was the rating that they would give, as a school mark, from 0 to 20, to President Lusinchi's ministers. No other type of consideration was taken into account except the spontaneous statement, limited, of course to the knowledge of the person interviewed regarding the work performed by each ministry. In instances wherein the person interviewed answered that he was not familiar with the work of a minister the question was turned over to another passerby, but only in the category which had not been responded to previously. Obviously, what ZETA has sought with this endeavor is to sound out the common, ordinary opinion of people on the street, and by no means to compete with the polling firms which exhaust scientific methods in this type of work.

1. Defense.....16.6
2. Justice.....16.0
3. Finance.....16.0

4. Education.....	15.0
5. Agriculture and Livestock.....	15.0
6. Energy and Mines.....	14.5
7. CORDIPLAN.....	14.2
8. Health.....	14.1
9. Interior.....	13.8
10. Transport and Communications.....	13.6
11. Foreign Affairs.....	13.4
12. Science and Technology.....	13.2
13. Culture.....	13.1
14. Labor.....	12.6
15. Urban Development.....	12.5
16. Environment.....	12.4
17. Development.....	10.5
18. Youth.....	10.4
19. Information and Tourism.....	10.2

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END